

South Dakota Science and Technology Authority

**Board Meeting
December 16, 2021**



630 East Summit Street
Lead, SD 57754

Call to Order—Chairperson Casey Peterson

1A. Call Roll

Dr. Ani Aprahamian
Mr. Dana Dykhouse
Ms. Pat Lebrun
Mr. Roger Musick
Mr. Casey Peterson
Mr. Ron Wheeler
Dr. Bob Wilson
Dr. James Rankin, ex-officio member

1B. Introduce guests—ask to announce name and affiliation

1C. Public comment form (submit forms prior to start of board meeting)

Procedure for Public Comment Periods

Pursuant to SDCL 1-25-1 as amended by House Bill 1172 in the 2018 Legislative Session the procedure for conducting public comment periods during meetings of the South Dakota Science and Technology Authority (SDSTA) shall be as follows:

The chair of the SDSTA shall reserve a period for public comment, limited at the chair's discretion, at each meeting.

Before the beginning of the meeting, all persons who wish to make comments during the comment period shall indicate their desire to do so on a form that will be provided by the Executive Director. The form shall indicate the person's name, city of residence and generally describe the matter or matters on which the person wishes to comment.

The amount of time allocated to each interested person who wishes to make comments will be determined at the chair's discretion at each meeting.

Comments must be limited to matters which are under the jurisdiction of the SDSTA.

All persons making public comments at meetings of the SDSTA must do so in a manner that maintains civility. Comments which contain offensive language or profanity will not be tolerated.

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Approve Agenda—Chairperson Casey Peterson

Attached is the SDSTA Board agenda for the December 16, 2021 meeting.

See recommended motion below.

Recommended Action:

Motion to approve agenda as presented.

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AGENDA
South Dakota Science and Technology Authority
630 East Summit Street, Lead, South Dakota
Meeting of the Board of Directors
Thursday, December 16, 2021 at 9:00 AM (MT)
****Yates Education & Outreach Conference Room****

Public (Open) Session: 1-669-900-6833, Meeting ID: 605 722 4022, Passcode: 8650, <https://zoom.us/join>

SDSTA Mission: *We advance world class science and inspire learning across generations.*

SURFs COVID-19 protocols require all individuals, while on site, to wear a CDC compliant face covering at all times except when the individual is alone in a room. The SDSTA appreciates everyone's cooperation as we all strive to keep SURF a safe and healthy place to work. **Members of the public are encouraged to join open session by phone.**

NOTICE: Members of the public may listen to the meeting by calling 1-669-900-6833 and entering Meeting ID code: 605 722 4022. Please mute your phone after joining.

Title	Report	Recommendations
1. Call to order A. Call roll B. Introduce guests C. Public comment form	-- Chair Casey Peterson	<i>Confirm quorum Ask guests to announce their name/ affiliation Reminder request to submit public comment form(s)</i>
2. Approve agenda	-- Chair Casey Peterson	<i>Motion to approve agenda</i>
3. Approve minutes	-- Chair Casey Peterson	<i>Motion to approve the September 17 and September 23 minutes</i>
4. Conflict of interest disclosure	-- Mr. Tim Engel	<i>Informational</i>
5. Conflict of interest disclosure and waiver under SDCL CH. 3-23	-- Mr. Tim Engel	
6. SURF Foundation (SURFF) A. SURFF status update B. Institute for Underground Science at SURF update	-- Mr. Mike Headley -- Ms. Staci Miller -- Ms. Elizabeth Freer	<i>Informational Informational</i>
7. Report from Audit Committee A. Audit Committee meeting update B. SDSTA Audit Report-fiscal year ended June 30, 2021	-- Ms. Pat Lebrun	<i>See board packet for audit committee minutes and audit report Motion to accept Audit Committee Report and to discuss Audit Report approval at the next regularly scheduled board meeting per statute</i>
8. Financial Report A. November Financial statements	-- Mr. Mike Headley -- Ms. Nancy Geary	<i>Motion to accept report as presented</i>

Please do not place or accept cell phone calls during this meeting. A copy of this agenda has been posted in a manner visible to the public at the entrance to the South Dakota Science and Technology Authority office located at 630 East Summit Street, Lead, South Dakota at least 72 hours prior to this meeting. Telephone: (605) 722-8650.

AGENDA
South Dakota Science and Technology Authority
630 East Summit Street, Lead, South Dakota
Meeting of the Board of Directors
Thursday, December 16, 2021 at 9:00 AM (MT)
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Public (Open) Session: 1-669-900-6833, Meeting ID: 605 722 4022, Passcode: 8650, <https://zoom.us/join>

Title	Report	Recommendations
9. Report from Executive Director	-- Mr. Mike Headley	
A. Declarations of Surplus—four (4)		<i>Informational</i>
B. SDSTA quarterly update		<i>Informational</i>
C. E&O update	-- Ms. Nicol Reiner	<i>Informational</i>
D. LBNF update	-- Mr. Syd De Vries	<i>Informational</i>
		<i>Motion to accept executive director's report</i>
10. Discuss registration of lobbyists	-- Mr. Tim Engel	<i>Motion to designate Mike Headley, Tim Engel and Doug Abraham as lobbyists for the SDSTA for the 2022 Legislative Session</i>
11. Executive session (closed meeting)	-- Chair Casey Peterson	<i>Motion to enter executive session to discuss personnel matters and to consult with legal counsel concerning contractual and legal matters—SDCL 1-25-2(1), (3) and (4); 19-19-502.</i>
12. Report from executive session	-- Chair Casey Peterson	<i>Motion to accept executive session report</i>
13. 2022 Commercial General Liability Renewal	-- Mr. Tim Engel	<i>Informational</i>
14. Sanford Lab Homestake Visitor Center – transfer of ownership	-- Mr. Mike Headley	<i>Motion to authorize the purchase of the land and inventory, to accept the transfer of the Visitor Center building, to authorize the Chair, the Executive Director, and General Counsel to negotiate the final terms of the Purchase Agreement, and to authorize the Executive Director to sign the Purchase Agreement</i>
15. Confirm date and time of next meeting; announce 2022 schedule	-- Chair Casey Peterson	<i>Thursday, March 24, 2022 at 8:00am (MT)</i>
16. Public comments	-- Chair Casey Peterson	
17. Board comments	-- Chair Casey Peterson	
18. Adjourn	-- Chair Casey Peterson	<i>Motion to adjourn</i>

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**Meeting of the Board of Directors
Thursday, December 16, 2021**

SDSTA Board Member Terms of Service, Committees and Schedule

	Board Members and Terms of Service		
	Board Members	Appointed	Term Expires
1.	Dr. Ani Aprahamian	Re-appointed December 10, 2015	December 9, 2021
2.	Mr. Dana Dykhous, Vice-Chair	Re-appointed August 15, 2020	August 14, 2026
3.	Ms. Patricia Lebrun, Secretary-Treasurer	Re-appointed August 5, 2016	August 8, 2022
4.	Dr. Chris Fall	Appointed December 1, 2021	August 8, 2027
5.	Mr. Roger Musick	Appointed September 19, 2018	August 21, 2022
6.	Mr. Casey Peterson, Chair	Re-appointed December 1, 2021	August 8, 2027
7.	Mr. Ron Wheeler	Re-appointed April 28, 2020	April 9, 2025
8.	Dr. James Rankin, <i>ex-officio member</i>	SDSM&T President as of Jan 8, 2018	
	Committees and Members (2021-2022)		
	Audit Committee Members (Sep):	Nominating Committee Members (Jun)	
	➤ Pat Lebrun-Chair, tbd	➤ Dana Dykhous	
	➤ Dana Dykhous, tbd	➤ Roger Musick	
	➤ Casey Peterson, ex-officio, tbd		
	2022 Board Schedule		
	Thursday, March 24 2022	8:00 am (MT)	E&O Bldg
	Thursday, June 16, 2022	8:00 am (MT), annual	E&O Bldg
	Thursday, September 22, 2022	8:00 am (MT)	E&O Bldg
	Thursday, December 15, 2022	9:00 am (MT)	E&O Bldg

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Approve Minutes—Chairperson Casey Peterson

Attached are the September 17 and September 23, 2021 Board Minutes for approval.

See recommended motion below.

Recommended Action:

Motion to approve the September 17 and September 23, 2021 Minutes as presented.

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**South Dakota Science and Technology Authority Board of Directors
Special Telephonic Meeting Minutes
Friday, September 17, 2021
Lead, South Dakota**

The Board of Directors of the South Dakota Science and Technology Authority (SDSTA) convened at 11:00 a.m. Mountain Time (MT) on Friday, September 17, 2021, via teleconference. A conference number was posted on the agenda with an invitation for members of the public to participate in the meeting by telephone.

MEMBERS OF THE BOARD IN ATTENDANCE BY TELEPHONE

Vice-Chairperson Dana Dykhouse
Secretary/Treasurer Pat Lebrun
Mr. Roger Musick
Chairperson Casey Peterson
Dr. James Rankin, *ex-officio member*
Mr. Ron Wheeler
Dr. Robert Wilson

MEMBERS OF THE BOARD ABSENT

Dr. Ani Aprahamian

SDSTA STAFF IN ATTENDANCE

Mr. Tim Engel, General Counsel (by phone)
Ms. Nancy Geary, Chief Financial Officer
Mr. Mike Headley, Executive Director
Mr. William (Bill) Kelly, Contracts and Procurement Manager
Ms. Mandy Knight, Administrative Services Manager
Mr. Will McElroy, Operations Division Deputy Director
Mr. Al Stratman, Director of Engineering
Ms. Natasha Wheeler, Administrative Assistant (by phone)

ALSO PRESENT DURING THE MEETING

No other guests present.

ITEM 1. CALL TO ORDER

ITEM 1A. DETERMINATION OF A QUORUM

Vice-Chairperson Dana Dykhouse called the meeting to order at 11:00 a.m. (MT). Vice-Chairperson Dykhouse declared a quorum was present, consisting of board members Mr. Dana Dykhouse, Ms. Pat Lebrun, Mr. Roger Musick, Chairperson Casey Peterson, Dr. James Rankin, Mr. Ron Wheeler and Dr. Bob Wilson. Dr. Ani Aprahamian was absent.

ITEM 1B. INTRODUCE GUESTS (LISTENING POST IN LEAD)

Guests present at the Lead Office listening post included: Ms. Nancy, Geary, Mr. Mike Headley, Mr. Bill Kelly, Ms. Mandy Knight, Mr. Will McElroy and Mr. Al Stratman. Mr. Tim Engel and Ms. Natasha Wheeler joined by phone.

ITEM 1C. PUBLIC COMMENT FORM

Vice-Chairperson Dykhouse said no public comment forms were submitted before the meeting.

ITEM 2. APPROVE AGENDA

Vice-Chairperson Dykhouse asked for a motion to approve the agenda.

Motion by Ms. Lebrun and seconded by Mr. Wheeler to approve the agenda as presented. By roll call vote, the motion passed unanimously.

ITEM 3. GENERAL CONFLICT OF INTEREST DISCLOSURE

Mr. Engel asked if any member of the board, who feels they have anything that might be construed to be a conflict of interest with respect to matters under consideration by the Board today, to disclose it verbally.

No conflicts of interest were disclosed.

ITEM 4. APPROVAL OF ORO HONDO BACKUP FAN CONTRACT

Mr. Headley said two different ventilation fans are at the Oro Hondo ventilation shaft: 1) The main ventilation fan serves as the main ventilation draw for the underground and was recently updated with a variable frequency drive through a Long-Beamline Neutrino Facility (LBNF) project contract; and 2) The backup fan, which is significantly undersized at only 350 horsepower compared to the 2,000-horsepower main fan. Mr. Headley said if the main fan were to go down, there would be an impact to construction activities and overall operations activities, since there would not be enough overall airflow.

Mr. Headley said SDSTA has been in conversation with the Department of Energy (DOE) regarding funding an update to the backup fan to match the power of the main fan. The upcoming project will remove the current backup fan and install a new fan that matches the 2,000-horsepower main fan. He said the project is being contracted through a proposed design-build contract, after putting the project out for bid and choosing the best value from the three bids received based on both cost and potential risk factors.

Mr. Headley said the contract will be just under \$5.8 million and approximately \$290,000 of indirect costs will be directed toward the project, for a total of about \$6.1 million to complete the project for the new fan. Mr. Headley said a ventilation consultant is also included in the project at a cost of \$121,000, bringing the total project cost to approximately \$6.2 million. He said the project is estimated to have an 11-month schedule from start to finish and slated to begin as soon as possible.

Mr. Headley said the recommended contractor is based out of Canada and is a leader in the industry, doing a lot of ventilation fan work and specifically, work with mine ventilation.

Mr. Engel said the contractor wants to limit their liability to warranty obligations to repair or replace the fan equipment. He said negotiations are still ongoing, and he anticipates an agreement of one to two years for warranty coverage, and he expects a resolution soon. Mr. Engel said many contractors are now including liability limitations in their contracts.

Chairperson Peterson said he is concerned about the short-term warranty coverage compared to the high cost of the contract. He also asked what plans are in place if the main Oro Hondo fan fails?

Mr. Headley said the main fan will be used for ventilation, and although some down time will be necessary during the backup fan project, the current backup fan does not have the capacity to support operations if the main fan does go down.

Mr. Engel said it is frustrating that industry vendors are not willing to provide better protections for their projects, but SDSTA will make their best efforts to negotiate for the best available warranty from the contractor.

Dr. Wilson asked about personnel underground if the main fan goes down and the current backup fan is running. Mr. Headley said personnel can work underground in that scenario, but there would be concerns about radon levels and if there would be high enough airflow for heat rejection from equipment running underground. He said the upgrade will benefit underground construction efforts as well as continued regular operations of science and other projects underground.

Ms. Lebrun said there are many large projects happening at SURF and they are being done for the safety and future of the lab as an important international project. She said each project is important for how the lab will be able to operate for decades to come. Mr. Wheeler added that projects like these are labeled as “reliability projects” for the DOE.

Motion by Mr. Wheeler and seconded by Ms. Lebrun to authorize the Executive Director, in consultation with the SDSTA Board Chairperson and legal counsel, to negotiate the final terms of the Oro Hondo backup fan contract between SDSTA and Howden Canada and authorize the Executive Director, to sign the final contract. The motion passed unanimously.

ITEM 5. PUBLIC COMMENTS

Vice-Chairperson Dykhous said no requests were made for Public Comment.

ITEM 6. BOARD COMMENTS

Vice-Chairperson Dykhous asked if there were any additional questions or comments from the board.

Mr. Headley thanked everyone for their time and recognized Engineering Director Mr. Al Stratman and his team, the Contracts & Procurement Manager Bill Kelly and his team and Mr. Engel for their efforts to arrange the contract.

Chairperson Peterson announced that Dr. Nigel Lockyer will resign as Director of Fermilab in May 2022. Mr. Wheeler suggested to send a letter from the board to Dr. Lockyer, expressing appreciation for his service. Chairperson Peterson and Mr. Dykhous concurred. Dr. Wilson announced Fermi Research Alliance’s (FRA’s) new President Dr. Paul Alivisatos, and Universities Research Association’s (URA’s) new Executive Director and Chief Executive Officer, Dr. John Mester.

Vice-Chairperson Dykhous said he looks forward to seeing everyone at the next regularly scheduled board meeting, set for Thursday, September 23, 2021, at 8:00 a.m. (MT), in the E&O Building Conference Room and via Zoom.

ITEM 7. ADJOURN

Motion by Ms. Pat Lebrun and seconded by Dr. Wilson to adjourn. The motion passed unanimously.

Meeting adjourned at 11:19 a.m. (MT) on September 17, 2021.

South Dakota Science and Technology Authority Board of Directors
Meeting Minutes
Thursday, September 23, 2021
Lead, South Dakota

The Board of Directors of the South Dakota Science and Technology Authority (SDSTA) convened at 8:00 AM Mountain Time (MT) on Thursday, September 23, 2021, in the Education and Outreach (E&O) Building Conference Room at the SDSTA, 630 East Summit Street, Lead, South Dakota. To maintain physical distance due to the COVID-19 pandemic, face masks were required, and a conference number was posted on the agenda with an invitation for members of the public to participate in the meeting by telephone.

MEMBERS OF THE BOARD IN ATTENDANCE

Vice Chairperson Dana Dykhouse (in person)
Secretary/Treasurer Patricia Lebrun (by phone)
Chairperson Casey Peterson (in person)
Dr. James Rankin, ex-officio (by phone)
Mr. Ron Wheeler (by phone)
Dr. Robert Wilson (by phone)

MEMBERS OF THE BOARD ABSENT

Dr. Ani Aprahamian
Mr. Roger Musick

SDSTA STAFF PRESENT DURING ALL OR PART OF THE MEETING

Mr. Tim Engel, Legal Counsel (in person)
Ms. Nancy Geary, Chief Financial Officer (in person)
Mr. Mike Headley, Executive Director (in person)
Dr. Jaret Heise, Science Director (in person)
Mr. Bill Kelly, Contracts & Procurement Manager (in person)
Ms. Mandy Knight, Administrative Services Manager (in person)
Mr. William McElroy, Operations Division Deputy Director (in person)
Ms. Staci Miller, Sanford Underground Research Facility Foundation (SURFF) Director (in person)
Ms. Constance Walter, Communications Director (in person)
Ms. Natasha Wheeler, Administrative Assistant (in person)

ALSO PRESENT DURING ALL OR PART OF THE MEETING

Dr. Chris Fall, SURFF board member (in person)
Mr. Michael Gemelli, Fermi Research Alliance Far Site Conventional Facilities Project Manager (in person)
Ms. Wendy Pitlick, Black Hills Pioneer Journalist (in person)
Dr. Peggy Norris, Education & Outreach Deputy Director (BHSU) (in person)
Ms. Nicol Reiner, Education & Outreach Director (BHSU) (in person)

ITEM 1. CALL TO ORDER

Chairperson Casey Peterson called the meeting to order at 8:00 AM (MT). Roll call was held. Ms. Pat Lebrun, Mr. Ron Wheeler, Dr. Bob Wilson and Dr. Jim Rankin were present by phone. Mr. Dana Dykhouse and Chairperson Casey Peterson were present in person. Dr. Ani Aprahamian and Mr. Roger Musick were absent. Chairperson Peterson then asked audience members to introduce themselves. He said if anyone from the audience had any questions or comments for the board to address, to please

complete the public comment form located at the sign-in table and time will be given at the end of the agenda to discuss. He reported no comment forms were submitted.

ITEM 2. APPROVE AGENDA

Chairperson Peterson asked if there were any modifications to the agenda. Hearing none, Chairperson Peterson asked for a motion to approve the agenda as presented.

Motion by Mr. Dykhous and seconded by Ms. Lebrun to approve the agenda as presented. Motion passed unanimously.

ITEM 3. APPROVE MINUTES

Chairperson Peterson asked if there were any comments on the June 24, 2021 or July 29, 2021 Minutes. Hearing none, he asked for a motion to approve the minutes.

Motion by Mr. Wheeler and seconded by Mr. Dykhous to approve the June 24, 2021 and July 29, 2021 minutes as presented. Motion passed unanimously.

ITEM 4. GENERAL CONFLICT OF INTEREST DISCLOSURE

SDSTA Legal Counsel Mr. Tim Engel invited members of the board to disclose anything that might be construed to be a conflict of interest with respect to items under consideration at today's meeting.

No conflicts of interest were disclosed.

ITEM 5. CONFLICT OF INTEREST DISCLOSURE AND WAIVER UNDER SDCL CH. 3-23

Mr. Engel said, in regard to disclosures and waivers under SDCL Ch. 3-23, he polled the board members prior to the meeting. Mr. Wheeler's contract with the SDSTA was disclosed in writing. A copy of the disclosure was included in the board packet. No other disclosures were made. Mr. Engel stated that no changes occurred since the last time Mr. Wheeler's disclosure was approved, and no further board action is required.

ITEM 6. SURF FOUNDATION (SURFF)

ITEM 6A. SURFF STATUS UPDATE

Ms. Miller stated the mission of SURFF, which is to support the advancement of world class science and inspire learning across generations. She said the four key areas of impact include: 1) The SURF Institute, 2) Inspiring Future Students, 3) Beyond the Classroom – Into the Community and 4) United in One Space.

Ms. Miller said the SURFF also takes on special projects and the current special project is the development of the Sacred Circle Garden. She said SURF is creating an ethnobotanical garden designed with native plant species with an aim to respect, protect, and understand indigenous cultures of the Black Hills. She said the main focus of the garden will be a medicine wheel, and the garden will be a place that protects the environment, rich history and values that connect us all.

As part of the Sacred Circle Garden campaign, Ms. Miller introduced four photographs taken by artists (and who are also SDSTA employees in the Communications Department) Mr. Matt Kapust and Mr. Adam Gomez, offered in limited edition, each with a certificate of authenticity. She said the four prints represent the sacred areas that will be incorporated in the garden, including the Badlands, Bear Butte, Bear Lodge (Devil's Tower), and Black Elk Peak; Prints are available for donors of \$1,500 each or \$5,000 for the full set of four. Ms. Miller said the prints will be offered to board members, employees and affiliates of SURF, and the SURFF before they are offered to the public.

ITEM 6B. APPROVAL OF SURFF AMENDED BY-LAWS

Mr. Engel said amendments to the SURFF By-Laws include Section 2.8, clarifying a reimbursement of expenses to directors using the U.S. General Services Administration (GSA) rate, and Article IX, noting the organization's purchase of directors and officers liability insurance. Mr. Engel said there was also an error in article numbers, which will be corrected. He recommended approval of the proposed amendments.

Motion by Mr. Dykhouse and seconded by Mr. Wheeler to approve the amendments to the SURF Foundation By-Laws as presented. Motion passed unanimously.

ITEM 6C. SURFF BOARD MEMBER APPOINTMENTS

Mr. Dykhouse said the SURFF would like board approval of the appointment of three new board members. Ms. Miller presented bios of the slate of nominees: Ms. Julie Olson, CEO and owner of Turner Lee Consulting & Design; Mr. Linden (Linn) Evans, President and Chief Operating Officer of Black Hills Energy; and Dr. Barbara Szczerbinska, Professor of Physics at Texas A&M University – Corpus Christi.

Mr. Headley said he and Chairperson Peterson had conversations together with two of the three candidates and found them to all be high quality additions to the SURFF board.

Motion by Mr. Dykhouse and seconded by Mr. Wheeler to approve appointment of new SURF Foundation board members Ms. Julie Olson, Mr. Linn Evans. and Dr. Barbara Szczerbinska as presented. Motion passed unanimously.

ITEM 7. AUDIT COMMITTEE

ITEM 7A. AUDIT COMMITTEE UPDATE

Ms. Geary said Mr. Al Schaefer from the South Dakota Department of Legislative Audit is expected to begin his audit on September 27, 2021, and SDSTA will request a complete report to share at the December 16, 2021 board meeting.

ITEM 7B. ANNUAL REVIEW OF AUDIT CHARTER

Ms. Lebrun said the Audit Committee Charter review was completed in June and a report was given at that time as reflected in the minutes of the June 24, 2021, SDSTA board meeting.

ITEM 8. FINANCIAL REPORT

ITEM 8A. FINANCIAL STATEMENTS

Ms. Geary said SDSTA secured a 5-year environmental insurance policy with an invoice to arrive soon, and that a spend plan is in place to address the current budget underrun under the Cooperative Agreement (CA). She also said all xenon has arrived onsite and is now in the detector.

ITEM 8B. SD INVESTMENT COUNCIL LETTER

Ms. Geary said SDSTA received the South Dakota Investment Council letter, which was included in the board packet. Upon discussion with the board, maintaining a 1% interest earning accrual percentage was proposed.

Motion by Mr. Wheeler and seconded by Ms. Lebrun to approve interest earning accrual at one percent for fiscal year 2022. Motion passed unanimously.

ITEM 8C. FY END INVENTORY LISTING

Ms. Geary said the Inventory Listing is included in the board packet for review. No comments or questions were raised.

ITEM 8D. FY END PER DIEM LISTING

Ms. Geary said the Per Diem Listing is included in the board packet for review. No comments or questions were raised.

*Motion by Mr. Dykhouse and seconded by Mr. Wheeler to accept the financial report as presented.
Motion passed unanimously.*

ITEM 9. REPORT FROM EXECUTIVE DIRECTOR

ITEM 9A. DECLARATIONS OF SURPLUS

Mr. Headley said eight items for surplus are included in the board packet and asked if anyone had any questions or comments. No comments or questions were raised. Mr. Headley then went out of agenda order and asked Mr. Michael Gemelli, Fermi Research Alliance Far-Site Conventional Facilities Project Manager, to provide an update on the LBNF project, prior to giving his quarterly update.

ITEM 9C. LONG-BASELINE NEUTRINO FACILITY (LBNF)

Mr. Gemelli introduced himself, noting 30 years of experience in domestic and international project management. Mr. Gemelli gave an overview summary of LBNF conventional facilities, including: 1) Completed reliability project upgrades to SURF infrastructure, including a new hoist system and refurbished mine shaft to ensure the site can support the next 20-plus years of experimental operations for the Deep Underground Neutrino Experiment (DUNE); 2) Completed pre-excavation work to move excavated rock from one mile underground to the surface and deposit it in the Open Cut; and 3) The current excavation project which is underway, with work started in April 2021 to construct three DUNE caverns, with an expected completion date of April 2024.

Mr. Gemelli shared a series of photos, diagrams, and videos to illustrate completed reliability projects, the scope of excavation areas, the skip loading operation system, the rock handling system, excavation equipment used for the project including the raise bore machine, activity being completed by Thyssen Mining Inc., and blast excavation occurring underground.

ITEM 9B. SDSTA QUARTERLY UPDATE

Mr. Headley said the SURF operations CA is starting its third year of execution this October 2021, with the relationship between the Department of Energy (DOE) office and SDSTA remaining strong. He said infrastructure improvements are modernizing SURF and increasing reliability to support construction and current and future science. He said SDSTA support to LBNF construction is proceeding on plan with 24/7 operation, the Ross Shaft is in its final stages of certification, SDSTA continues to transport personnel and loads to the 4850L in support of construction and science, the Yates Shaft is currently in rehabilitation mode, and Yates loads are currently shifted to be transported at the Ross. Mr. Headley said long-term planning for science and the facility is progressing, with a completed SURF science vision roundtable held September 14 and 15, the initiation of 4850L science lab space planning with Stantec expected to be complete in November, a completed institute scoping document with building and budget planning underway, as well as planning underway to submit a proposal for SURF to become a DOE User Facility.

Mr. Headley said the new Rounds Operations Center (ROC) is now complete and in operation, as a 26,000 square foot facility with a \$6.5 million South Dakota commitment. He said the ROC dedication was held on August 20, 2021, along with a ribbon cutting.

Mr. Headley said current Fiscal Year 2020 (FY20) facility infrastructure projects include security improvements at the headframes with completion planned for late September, an upgrade to the Oro Hondo backup ventilation system with design expected to begin in October, a water inflow system replacement underway, a Yates Shaft refurbishment concept study with 30% deliverable due October 18, 2021, an industrial and potable water project at the Yates with work that started September 13, 2021, and Waste Water Treatment Plant gravity flow upgrades awaiting authorization from DOE.

Addressing Education and Outreach, Mr. Headley said teacher professional development impacts in 2020-2021 included 709 total teacher participants, 73 South Dakota districts, and 18 new districts, impacted, nine professional development events and 29 days of teacher interaction. He also shared a quote from an elementary school teacher participant. Mr. Headley said student outreach for September through November 2021 includes both curriculum units and presentations throughout the state.

Mr. Headley said the SURF operations funding summary for FY21 totaled at \$29.1 million, due to a 3% reduction from DOE for operations programs to fund small business technology transfer and innovation efforts, and \$29.1 million should be expected again for FY22. He said the CA will provide a fixed \$23.8 million for FY22, and infrastructure improvement projects are estimated at \$6.2 million for FY22.

Mr. Headley said the Institute scoping document was completed on July 30, 2021, and expressed his appreciation to the working group for their contributions. He said a building visioning workshop was held with Arup on August 27 to discuss functional requirements, sizing and potential locations, and Arup is now developing a report to capture initial costing. He said Arup is providing the initial scoping study pro bono as a donation to the SURFF. He said SDSTA is also working with dialogue LLC principal Ms. Elizabeth Freer to refine staffing and operation budgeting for an Institute. Mr. Headley said to expect a presentation at the December 15, 2021, SURFF board meeting with updates to the scoping study.

Motion by Mr. Dykhouse and seconded by Mr. Wheeler to accept the executive director's report as presented. Motion passed unanimously.

ITEM 10. REVIEW OF SDSTA POLICIES AND PROCEDURES

Mr. Headley said SDSTA added a new Integrated Management System (IMS) policy, updated the Holiday Policy to include Juneteenth/Emancipation Day, updated the Personnel Benefits Policy to include Juneteenth/Emancipation Day as a paid holiday and updated the Record Retention Policy to revise retention dates for miscellaneous Environment, Safety and Health documents and formatting.

Motion by Mr. Wheeler and seconded by Mr. Dykhouse to approve the new IMS Policy and updated Holiday Policy, Personnel Benefits Policy and Record Retention Policy as presented. Motion passed unanimously.

ITEM 11. EXECUTIVE SESSION

Motion by Mr. Wheeler and seconded by Mr. Dykhouse to enter into executive session to discuss personnel matters and to consult with legal counsel concerning legal and contractual matters as permitted by SDCL 1-25-2(1), (3) and (4). Motion passed unanimously.

The board recessed at 9:15 AM for a ten-minute break followed by executive session.

Dr. Rankin left the meeting at 10:00 AM.

The board reconvened in open session at 10:16 AM.

ITEM 12. REPORT FROM EXECUTIVE SESSION

Chairperson Peterson reported that the board discussed personnel matters and consulted with legal counsel concerning legal and contractual matters. No action was taken.

Motion by Mr. Dykhouse and seconded by Ms. Lebrun to approve the executive session report. Motion passed unanimously.

ITEM 13. CONFIRM DATE AND TIME OF NEXT MEETING

Chairperson Peterson reminded the board of the next meeting, scheduled for Thursday, December 16, 2021, at 9:00 AM (MT) in the E&O Conference room and via Zoom.

Ms. Knight said she will send an email to poll the board to schedule the 2022 SDSTA board meetings and Chairperson Peterson asked board members to send their responses back to Ms. Knight as soon as possible.

ITEM 14. PUBLIC COMMENTS

Chairperson Peterson said he did not receive any public comment request forms and there were no questions from the audience.

ITEM 15. BOARD COMMENTS

Mr. Dykhouse said SURFF is acquiring high-quality board members who are great people and he's excited about their addition.

Ms. Lebrun said it was a good meeting and she appreciated the photos included in the executive director's report.

Mr. Wheeler said he is pleased with the progression of SDSTA and remains concerned about COVID.

Dr. Wilson said he also enjoyed the photographs and blasting videos included in the executive director's report.

Mr. Headley thanked everyone for their time and attention and thanked the staff, recognizing there are a many things happening, and the team is doing a great job moving things down the road and making sure the lab is advancing.

Chairperson Peterson echoed Mr. Headley's comments, saying thank you to the team and thank you to the board. Chairperson Peterson asked the board to consider purchasing photos to support SURFF and the Sacred Circle Garden.

ITEM 16. ADJOURN

Chairperson Peterson called for a motion to adjourn.

Motion by Mr. Dykhouse and seconded by Mr. Wheeler to adjourn. Motion passed.

Meeting adjourned at 10:23 AM.

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Conflict of Interest Disclosure—Mr. Tim Engel

Invite members of the board to disclose anything that might be construed to be a conflict of interest relative to their role on the board.

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Disclosures Under SDCL CH. 3-23—Mr. Tim Engel

Recommended Action:

Motion to approve or deny as appropriate.

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SURF Foundation—Mr. Mike Headley

6A. Foundation status update, Ms. Staci Miller.

6B. Institute for Underground Science at SURF update, Ms. Elizabeth Freer.

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Report from Audit Committee—Ms. Patricia Lebrun

Attached is the Audit Committee Charter dated June 19, 2014 for reference.

7A. Audit Committee meeting minutes, attached.

7B. Final SDSTA Audit Report-Fiscal Year Ended June 30, 2021, attached for discussion.

See recommended motion below.

Recommended Action:

Motion to accept Audit Committee Report and to discuss Audit Report approval at the next regularly scheduled board meeting per statute.

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SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

AUDIT COMMITTEE CHARTER

STATEMENT OF MISSION

The mission of the South Dakota Science and Technology Authority (SDSTA) Audit Committee is to be the pro-active steward for oversight of the financial reporting and disclosure process for SDSTA, including the investigation of claimed breaches of ethics, theft, fraud, embezzlement and reports of whistle-blowers. Our responsibility is to the SDSTA Board of Directors to report independently on the results of the oversight so as to assist in maintaining and enhancing the quality of the financial reporting. The Audit Committee is committed to communication between and among directors, the external auditor and Chief Financial Officer (CFO).

A. The Audit Committee has the following responsibilities and duties:

1. Appointment

- Annually be appointed by the SDSTA Board of Directors at their annual meeting in June.
- At least one member will be deemed a “financial expert,” as defined by applicable law and regulation.

2. Review

- Annually review and update this Charter.
- Annually determine the independence of Audit Committee members through a certification by the SDSTA Board of Director’s Chairperson.
- Review the SDSTA’s annual financial statements and any reports or other financial information submitted to or from any governmental body, or the public, including any certification, report, opinion or review rendered by the external auditor or the SDSTA CFO.
- Review any report or memo or other communication from Federal and State regulators and reviewers, and attend as many entrance and exit conferences as possible.

3. External Auditors/CFO/Independent Counsel/Other Advisors

- The Audit Committee shall have the independent authority to engage any legal counsel or other advisors it deems necessary to carry out its duties.
- Periodically consult with the external auditor out of the presence of management about internal controls and the fullness and accuracy of the company’s financial statements.
- Make the selection, retention, and review the performance of, the external auditor, considering independence and effectiveness and approve the fees paid to the external auditor as well as the proposed fee. On an annual basis, the Audit Committee should review and discuss with the external auditor all significant relationships the external auditor has with the company to determine the auditor’s independence and consider the appropriateness of the non-audit services prior to their engagement.
- Periodically meet with the CFO on the results of exams, and be available to CFO for appropriate communications at any time they desire the meeting.

4. Financial Reporting Process

- In consultation with the external auditor, review the integrity of the SDSTA’s financial reporting processes.

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY AUDIT COMMITTEE CHARTER

- Consider the external auditor's judgments about the quality and appropriateness of the SDSTA's accounting principles, as applied in its financial reports and as promulgated by the Governmental Accounting Standards Board.
- Consider and forward to the SDSTA Board of Directors, if appropriate, recommendations for major changes to the SDSTA's auditing and accounting principles and practices as suggested by the external auditor, management or the CFO.
- Establish regular and separate systems of reporting to the Audit Committee by management and the external auditor regarding any significant judgments made in management's preparation of the financial statements and the Audit Committee's view of each as to appropriateness of such judgments.
- Following completion of the annual audit, review separately with management and the external auditor any significant difficulties encountered during the course of the audit, including any restrictions on the scope of work, or access to required information.
- Review and resolve any significant disagreement among management and the external auditor in connection with the preparation of the financial statements. Review in detail the passed audit adjustments and the materiality levels used by the external auditor, and the impact of Management's estimates used in the financial statement preparation.
- Review with the external auditor and management the extent to which changes or improvements in financial or accounting practices, as approved by the Audit Committee in prior reports or meetings, have been implemented.

5. Ethical and Legal Compliance

- Establish, review and update periodically a Conflict of Interest Policy and ensure that management has established a system to enforce this Policy.
- Review management's monitoring of compliance with the SDSTA's Conflict of Interest Policy, and verify that management has the proper review system in place to ensure that financial statements, reports, and other financial information disseminated to governmental organizations, and the public, satisfy legal requirements.
- Review with SDSTA's retained legal counsel any legal matter that could have a significant impact on the SDSTA's financial statements.
- Periodically review individual committee member education and obtain resources, seminars and materials to keep the level of member's education current.
- Perform any other activities consistent with this Charter, the SDSTA's By-Laws and governing law, as the Audit Committee or the SDSTA Board of Directors deems necessary or appropriate.

6. Reporting

In order to facilitate the proper execution of its duties and responsibilities, the Audit Committee shall conduct its reviews and investigations in a confidential manner. The Audit Committee shall report to the SDSTA Board the results of the Financial Reporting Process, consultations with External Auditors, the CFO or other Advisors, or any other issues they deem important for the SDSTA Board to meet its responsibilities. These reports shall include, but not be limited to, the results of the annual external audit or any internal audit on financial reports or compliance (including difficulties or disagreements encountered, if any, past

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY AUDIT COMMITTEE CHARTER

adjustments, materiality defined by the auditor, any legal matter having a material impact on the report, management letter comments, etc.), the integrity of the financial reporting system, the appropriateness of the accounting principles applied to the financial reports, the status of internal controls, any suggested change to any of the above systems the Audit Committee thinks should be made, any significant report or communication from any other matter that the Audit Committee deems critical information needed by the SDSTA Board. To the extent permitted by applicable law, the Audit Committee's reports to the Board of Directors shall be delivered in closed session.

The Audit Committee shall strive to provide the Board with the information it needs to manage the reporting and accounting for the SDSTA as well as utilize the reports to manage all of the other risks it faces. These reports will be made when information is received and available. The Annual Schedule below outlines some of the reporting dates anticipated.

7. Budget Process

The Audit Committee will meet with the CFO in March to establish the annual budget for the Audit Committee to cover costs for audit fees, legal fees, consulting fees, continuing education travel and costs and miscellaneous costs.

B. Annual Schedule

The Audit Committee will meet at its discretion but the following is a guideline for business to be conducted during the year:

December-January – Meet with external auditors to discuss preliminary audit findings, letters to management, passed adjustments, materiality, management estimates, and quality and appropriateness of accounting principles.

March-June – Present audit findings, letter of comments and other appropriate information to the SDSTA's Board of Directors at SDSTA annual meeting. Meet to update issues on hiring other outside auditors for review, as deemed necessary, of such areas as EDP, compliance, etc.

September – Request proposal for external audit. Meet with CFO.

October/November/December – Meet with CFO to review any issues regarding the audit. Meet to engage external financial auditor on entrance conference. Review all SDSTA regulators' reports (State and/or Federal). Certify as to committee member's independence.

C. Limitations on the Committee's Role:

While the Audit Committee has the responsibilities and powers as stated above, it is not the Committee's duty to audit the SDSTA's financial statements or to determine that the SDSTA's financial statements are complete and accurate in accordance with generally accepted accounting principles (GAAP), as promulgated by the Governmental Accounting Standards Board. These are the responsibilities of management and the independent auditors.

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Audit Committee Meeting

November 29, 2021

Participants:

Ms. Pat Lebrun, SDSTA Board of Director and Audit Committee Chair
Mr. Dana Dykhouse, SDSTA Board of Director and Audit Committee Member
Mr. Al Schaefer, SD Department of Legislative Audit, Auditor-in-Charge
Mr. Mike Headley, SDSTA Executive Director & Sanford Laboratory Director
Ms. Nancy Geary, SDSTA Chief Financial Officer

A close out audit teleconference was held November 29 with discussions on the following:

1. Greetings were exchanged and discussions were held concerning the finalization of the FY2021 audit. Mr. Schaefer gave details as to reviewing our indirect costs and various other aspects of our financials. He noted “there was nothing alarming and that there were no exclusions”. Also, the Management Representation Letter from the Auditor-in-Charge Mr. Allen Schaefer was discussed. He asked Mr. Headley and Ms. Geary to review the letter, sign and return to his attention.
2. Mr. Schaefer noted that an Unmodified Opinion would be issued by the Department of Legislative Audit noting that the SDSTA’s financial statements fairly present the operations of the SDSTA. The Department of Legislative Audit would be able to finalize the report in time for the December Board of Directors meeting. A “Communications Letter” was also provided for Ms. Geary to forward to the others in this meeting.
3. Discussions continued about the future audits for SDSTA. Mr. Schaefer noted that the Department of Legislative Audit’s priorities had changed with the various entities in the State. Since the SDSTA does not receive a material amount of funding from the State compared to in the past, their department would no longer be performing SDSTA yearly audit. The Department of Legislative Audit is short staffed and extremely busy with various other county and other State entity audits. Mr. Schaefer suggested SDSTA create an RFP for our future audits to contract with an outside auditing firm. The Department of Legislative Audit would still be involved with the process in regard to selection of an auditing firm, an engagement letter, and directing outside auditing firm concerning sending the final report to them. The Department of Legislative Audit in turn would provide prior work papers to the outside auditing firm. Ms. Lebrun requested a letter from Department of Legislative Audit detailing the process that should be followed in the future.
4. Thanks was given to all involved for assistance in completing the audit in a timely manner. We noted that it has been a pleasure to work with Mr. Schaefer over the past years and that we will miss the interaction.

Meeting adjourned.

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SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

AUDIT REPORT

Fiscal Year Ended June 30, 2021



State of South Dakota
Department of Legislative Audit
427 South Chapelle
% 500 East Capitol
Pierre, SD 57501-5070

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY
AUTHORITY OFFICIALS
June 30, 2021

Board of Directors:

Casey Peterson, Chairperson
Dana Dykhouse, Vice-Chairperson
Ron Wheeler, Vice-Chairperson
Patricia Lebrun, Secretary/Treasurer
Dr. Robert Wilson, Member
Dr. Ani Aprahamian, Member
Robert Musick, Member
Dr. James Rankin, Ex-Officio Member

Executive Director:

Michael Headley

Chief Financial Officer:

Nancy Geary

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY
TABLE OF CONTENTS

	<u>Page</u>
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	1
Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control Over Compliance Required by the Uniform Guidance	3
Schedule of Prior Audit Findings.....	5
Schedule of Current Audit Findings and Questioned Costs	5
Independent Auditor's Report	6
Management's Discussion and Analysis (MD&A).....	8
 <i>Basic Financial Statements:</i>	
As of June 30, 2021:	
Statement of Net Position	16
For the fiscal year ended June 30, 2021:	
Statement of Revenues, Expenses and Changes in Net Position.....	17
Statement of Cash Flows	18
Notes to the Financial Statements	20
 <i>Required Supplementary Information Other than MD&A:</i>	
Schedule of Proportionate Share of the Net Pension Liability (Asset)	33
Schedule of the Authority Contributions.....	34
Notes to the Required Supplemental Information	35
 <i>Supplementary Information:</i>	
Schedule of Operating Expenses	36
Schedule of Expenditures of Federal Awards.....	37
Notes to Schedule of Expenditures of Federal Awards.....	38



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RUSSELL A. OLSON
AUDITOR GENERAL

**INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS
PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

The Honorable Kristi Noem
Governor of South Dakota

and

Board of Directors
South Dakota Science and Technology Authority

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the South Dakota Science and Technology Authority (Authority), a business-type activities component unit of the State of South Dakota, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements and have issued our report thereon dated November 29, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) as a basis for determining audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose. As required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.

A handwritten signature in black ink that reads "Russell A. Olson". The signature is written in a cursive, flowing style.

Russell A. Olson
Auditor General

November 29, 2021



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RUSSELL A. OLSON
AUDITOR GENERAL

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL
OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

The Honorable Kristi Noem
Governor of South Dakota

and

Board of Directors
South Dakota Science and Technology Authority

Report on Compliance for Each Major Federal Program

We have audited the South Dakota Science and Technology Authority's (Authority), a business-type activities component unit of the State of South Dakota, compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2021. The Authority's major federal programs are identified in the State of South Dakota Single Audit and included in the summary of auditor's results section of the accompanying Schedule of Current Audit Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of *Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2021.

Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Purpose of this Report

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purposes. As required by South Dakota Codified Law 4-11-11, this report is a matter of public record and its distribution is not limited.



Russell A. Olson
Auditor General

November 29, 2021

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY
SCHEDULE OF PRIOR AND CURRENT AUDIT FINDINGS AND QUESTIONED COSTS

SCHEDULE OF PRIOR AUDIT FINDINGS

Prior Federal Audit Findings:

The prior audit report contained no written federal audit findings.

Prior Other Audit Findings:

The prior audit report contained no written other audit findings.

SCHEDULE OF CURRENT AUDIT FINDINGS AND QUESTIONED COSTS

Summary of the Independent Auditor's Results:

Financial Statements

- a. An unmodified opinion was issued on the financial statements.
- b. No material weaknesses or significant deficiencies were disclosed by our audit of the financial statements.
- c. Our audit did not disclose any noncompliance which was material to the financial statements.

Federal Awards

- d. An unmodified opinion was issued on compliance with the requirements applicable to major programs.
- e. Our audit did not disclose any audit findings that are required to be reported in accordance with 2 CFR 200.516(a).
- f. The federal awards tested as major programs were:

81.049 SURF (Sanford Underground Research Facility) Operations Support
- g. The dollar threshold used to distinguish between Type A and Type B federal award programs was \$10,500,000 as determined for the State of South Dakota Single Audit for fiscal year 2021.
- h. The South Dakota Science and Technology Authority, as a component unit of the State of South Dakota, did not qualify as a low-risk auditee.

Current Federal Audit Findings:

There are no written current federal compliance audit findings to report.

Current Other Audit Findings:

There are no written current other audit findings to report.



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RUSSELL A. OLSON
AUDITOR GENERAL

INDEPENDENT AUDITOR'S REPORT

The Honorable Kristi Noem
Governor of South Dakota

and

Board of Directors
South Dakota Science and Technology Authority

Report on the Financial Statements

We have audited the accompanying financial statements of the South Dakota Science and Technology Authority (Authority), a business-type activities component unit of the State of South Dakota, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

The Authority's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2021, and the changes in its financial position and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (MD&A) on pages 8-15, the Schedule of Proportionate Share of the Net Pension Liability (Asset) on page 33, and the Schedule of the Authority Contributions on page 34 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Authority's basic financial statements. The Schedule of Expenditures of Federal Awards, which as required by *Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the Schedule of Operating Expenses listed in the Table of Contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 29, 2021 on our consideration of the Authority's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Russell A. Olson
Auditor General

November 29, 2021

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2021

This section of the South Dakota Science and Technology Authority's (SDSTA's) annual financial report presents management's discussion and analysis of the SDSTA's financial performance during the fiscal year ended June 30, 2021 (FY 2021). This analysis should be read in conjunction with the financial statements and notes to the financial statements.

The SDSTA's financial statements include the operations of funds that the SDSTA has established to achieve its goal of maintaining the Sanford Underground Research Facility (SURF) in support of the science mission under the agreement with the Department of Energy's (DOE's) Office of Science. The property was donated to the SDSTA by Barrick Gold Corporation in May 2006.

The activity of the SDSTA is accounted for as a proprietary fund type. The SDSTA is a component unit of the State of South Dakota and its financial statements are included in the Comprehensive Annual Financial Report of the State of South Dakota.

Included in the financial statements presented is a current year comparison to prior year balance sheet summary, revenue and expense summary, and capital assets. Further reports reflect current year detailed statement of net position, statement of revenue, expense and changes in net position, cash flow, and schedule of operating expenses. Comparisons of current year to prior year are important to display increases and decreases in various elements of the financial reports for the SDSTA. Current year detailed reports provide significant detail for statement of net position, revenues, expenses and cash flows for the SDSTA.

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2021

FINANCIAL HIGHLIGHTS:

- Total Assets at year-end increased to \$116,759,176.
- Current Assets decreased by \$2,593,247. Cash on Deposit with State Treasurer decreased by slightly over \$5,000,000 primarily for the construction of the new Maintenance Support Facility (MSF). Yet, Cash in the Local Bank increased by \$1,671,113 due to funds received from federal contracts late in the month on open accounts receivable. Inventory of Supplies also increased by \$832,740 for fixed assets added to Inventory of Supplies.
- Capital Assets increased by \$3,521,386, net of depreciation expense. Page 12 details the major capital asset additions and deletions. Furthermore, page 23 summarizes the changes in capital assets by major categories. Most notable was the completion of the new MSF building by Dean Kurtz Construction. Additional property purchased under the Operations subcontract with Fermi Research Alliance (FRA) was abandoned by the Department of Energy (DOE) Fermi Site Office in October 2020 and thus transferred to the SDSTA. This transfer was the result of the closure of the contract with FRA that supported the operations of the SDSTA facility. The current funding to manage and operate the facility comes from a Cooperative Agreement with the DOE – Office of Science that was effective September 30, 2019. Additional property purchased under this agreement is kept separate under the Capital Assets category, as this property has become vested in the SDSTA upon acquisition.
- Net Pension Asset decreased to \$24,607. The State's retirement system is fully funded (see Note 6 – page 25). The SDSTA's total contributions to the South Dakota Retirement System (SDRS) increased by \$94,967 from 2020 to 2021. This was due primarily to an increase in personnel wages. GASB standards allow entities to use a pension measurement date up to one year prior to the entities reporting period. Therefore, the SDSTA is using a June 30, 2020 pension measurement date for our fiscal year end June 30, 2021 statements. GOED funding of \$2,000,000 received in 2017 along with loans from various South Dakota Foundations have enabled the SDSTA to purchase xenon to be used in the future LZ experiment. Xenon purchased remains the same as last year at \$8,934,350 as of June 30, 2021. In summary, Net Pension Asset and Xenon Purchased have decreased by \$27,844.
- Pension Related Deferred Outflows is also related to our retirement plan with SDRS. The amounts recorded relate to our proportionate share of the differences between expected and actual experience in pension earnings along with the SDSTA's pension contributions made subsequent to June 30, 2020. The total Deferred Outflows of Resources have increased to \$4,111,205.
- Total Liabilities at year end increased slightly to \$9,565,974. Accounts payable is slightly lower when comparing the two time periods. However, liabilities associated with employee leave and benefits increased due to additional personnel wages and increases in vacation and sick accruals.
- Pension Related Deferred Inflows is also connected to our retirement plan with SDRS. The recorded amount relates to our portion of the difference between projected and actual earnings on pension plan investments. Our portion has increased to \$3,467,899.
- Total Restricted Net Position decreased to \$11,132,462. This decrease is primarily due to spending the funds restricted for the MSF for final construction costs and outfitting of the facility. Likewise, the restricted net pension has decreased. However, an addition to our Restricted Net Position includes \$409,860 associated with the Sanford Underground Research Facility Foundation (SURFF). In February 2020, we received IRS approval for the newly formed SURFF as a tax exempt entity under Internal Revenue Code (IRC) Section 501 (c) (3).
- Unrestricted Net Position increased by \$1,391,290 to \$12,476,862.
- Total Net Position at year end decreased by \$193,037 to \$107,836,508.
- Charges for Services increased slightly to \$370,420. Revenue from Homestake increased due to an increase in the amount of water being treated and discharged for Homestake. Additional income was received from private corporations, Caterpillar Global Mining LLC for rental charges as well as Kiewit/Alberici and Thyssen Mining, subcontractors with Fermi National Accelerator Laboratory (FNAL) that has been contracted to excavate the rock for the large experimental facility underground at the 4850 foot level (4850L) for the Long Baseline Neutrino Facility (LBNF).

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2021

FINANCIAL HIGHLIGHTS (Continued)

- Operating Grants increased to \$33,963,788. The revenue received in this classification includes \$27,473,773 from the Cooperative Agreement with DOE, \$4,725,965 from FRA, \$1,718,606 from Lawrence Berkeley National Laboratory (LBNL), and \$45,444 from various smaller universities.
- Miscellaneous revenue increased to \$482,810 primarily due to an increase in revenue from the SURFF.
- Capital Grants and Contributions decreased to \$1,563,103. This amount is related to the various property that was transferred by the Department of Energy (DOE) Fermi Site Office to the SDSTA as well as property acquired during the prior fiscal year from the Cooperative Agreement.
- Investment Earnings for fiscal year 2021 are negative at \$274,708. The unrealized appreciation and undistributed earnings that were reversed from the prior year when compared to the current year unrealized appreciation and undistributed earnings results in a negative investment earnings. Yet, investment earnings of \$226,226 were received on the cash on deposit with State Treasurer. This actual allocation compared to last year decreased by \$163,011 due to a lower amount of cash being deposited for investment with the State Treasurer.
- Total Program Expenses for the SDSTA were \$36,298,450 which represents an increase of 8.7% percent from the previous year. Included in Total Program Expenses are Operating Expenses which increased by \$3,054,058 to \$35,882,057. Personal Services represent 56.7 percent of the Operating Expenses; Contractual Services represent 25.2 percent; and Supplies, Materials, and Other Expenses represent 11.3 percent of these expenses. Most of the increase in Operating Expenses is due to increased activity in the Infrastructure Improvement Projects (IIP) funded through the Cooperative Agreement as well as increases in employee salaries.
- Net Position decreased by \$193,037 for fiscal year 2021.

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2021

FINANCIAL STATEMENT ELEMENTS:

NET POSITION

	2021	2020	Dollar Change	Percent Change
Current Assets	\$ 23,573,034	\$ 26,166,281	\$ (2,593,247)	-9.91%
Capital Assets	84,227,184	80,705,798	3,521,386	4.36%
Net Pension Asset and Xenon Purchased	8,958,957	8,986,801	(27,844)	-0.31%
Total Assets	116,759,175	115,858,880	900,295	0.78%
Pension Related Deferred Outflows	4,111,205	2,943,364	1,167,841	39.68%
Long-Term Liabilities Outstanding	6,812,442	6,757,826	54,616	0.81%
Other Liabilities	2,753,532	2,748,288	5,244	0.19%
Total Liabilities	9,565,974	9,506,114	59,860	0.63%
Pension Related Deferred Inflows	3,467,899	1,266,585	2,201,314	173.80%
Net Position:				
Net Investment in Capital Assets	84,227,184	80,705,798	3,521,386	4.36%
Restricted	11,132,462	16,238,175	(5,105,713)	-31.44%
Unrestricted	12,476,862	11,085,572	1,391,290	12.55%
Total Net Position	\$ 107,836,508	\$ 108,029,545	\$ (193,037)	-0.18%

CHANGE IN NET POSITION

	2021	2020	Dollar Change	Percent Change
Revenues				
Program Revenues:				
Charges for Services	\$ 370,420	\$ 278,160	\$ 92,260	33.17%
Operating Grants	33,963,788	29,814,412	4,149,376	13.92%
Miscellaneous	482,810	127,020	355,790	280.11%
Capital Grants and Contributions	1,563,103	2,926,197	(1,363,094)	-46.58%
General Revenues:				
Investment Earnings	(274,708)	760,390	(1,035,098)	-136.13%
Total Revenue	36,105,413	33,906,179	2,199,234	6.49%
Program Expenses:				
Science and Technology Authority	36,298,450	33,393,743	2,904,707	8.70%
Total Expense	36,298,450	33,393,743	2,904,707	8.70%
Change in Net Position	(193,037)	512,436	(705,473)	-137.67%
Net Position-Beginning	108,029,545	107,517,109	512,436	0.48%
Net Position-Ending	\$ 107,836,508	\$ 108,029,545	\$ (193,037)	-0.18%

By June 30, 2021, the SDSTA had invested \$84,227,184 in a broad range of capital assets, including computer equipment, land, buildings, improvements to infrastructure and the underground, and various machinery and equipment. \$20,551,152 of this \$84,227,184 (approximately 24% of this total value) was donated by Barrick Gold. This amount represents a net increase (including additions and deductions) of \$3,521,386, or 4.36 percent, over the last year.

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2021

CAPITAL ASSETS (Net of Depreciation)

	2021	2020	Change
Improvements	\$ 45,214,485	\$ 46,547,569	\$ (1,333,084)
Underground	17,936,955	17,936,955	-
Buildings	11,298,152	5,568,049	5,730,103
Computer Equipment	115,866	169,598	(53,732)
Equipment	4,356,768	4,752,599	(395,831)
Construction in Progress	-	1,824,308	(1,824,308)
Land	1,814,136	1,814,136	-
Infrastructure	1,504,096	1,556,552	(52,456)
Furniture	11,225	15,711	(4,486)
Archive Material	70,000	70,000	-
Auto	205,147	159,837	45,310
DOE Property Transfer	1,700,354	290,484	1,409,870
Total Capital Assets	\$ 84,227,184	\$ 80,705,798	\$ 3,521,386

This year's major capital asset additions and deletions included:

Purchased Capital Assets:

(2) 150KVA Transformers, Hydraulic Air Press, 7.5HP Air Compressor, 10 Ton Bridge Crane	\$ 141,175
Elevator, Forklift, Laser Alignment System, Ellis Bandsaw, (3) HVAC Units, Plotter	163,816
(2) Vehicles - 2011 Chevy Pickup w/Utility Box, 2021 Dodge Ram Pickup	69,660

Equipment (Current Year Reclassifications):

Ross Cage Work Deck, Skyclimber Suspended Work Deck	(153,794)
(4) Skyclimber Electric 208V Hoists, (2) Ceiling Mounted Jib Cranes	(84,972)
(4) Profi 1 Ton Air Hoists	(29,030)

Buildings (Current Year Reclassifications):

Maintenance Support Facility	5,885,479
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Improvements in Progress (Current Year Additions):

Maintenance Support Facility	4,061,171
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Improvements in Progress (Current Year Reclassifications):

Maintenance Support Facility Completed	(5,885,479)
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Computer Equipment, Machinery and Equipment (Current Year Deletions):

Various Computer Nexus Switches (end of life)	(216,255)
Ross Skip Work Deck, Ross MG Sets	(97,848)
(2) Refuge Chambers and Scrubbing System (end of life)	(110,290)
Telescopic Lull	(52,500)

DOE Property Transfer:

Davis Campus Chiller, UTV Tracks, Bobcat Tool Cat, (2) Kubota UTV's, Sander, Utility Truck, Sampler, Laser Flow System, Loco. Battery, Radon Monitors, (3) 36 Hr. Refuge Chambers, Laser Scanner, Cryostat, (4) Mobius Cooling Systems, Ross Hoist Rope, Fusion Splicer, Submersible Cable, (3) 8 Ton Locomotives w/Batteries, Flygt Pump, Refuge Chamber, Elect. Hoist Pressure Transducer, (2) 5T Chain Hoists, Flood Barrier, (2) 125HP Compressors w/Building (2) Escape Powerseats, Lab Sink, 185CFM Air Compressor, Telescopic Fork Telehandler, Analyzer	1,585,992
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SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2021

LONG-TERM DEBT

At the year-end, the SDSTA had \$6,812,442 in other long-term obligations. This is an increase of .81 percent as shown below.

	2021	2020	Total Dollar Change	Total Percentage Change
Compensated Absences	\$ 812,442	\$ 757,826	\$ 54,616	7.21%
Xenon Notes Payable	6,000,000	6,000,000	-	0.00%
Total Long-Term Debt	\$ 6,812,442	\$ 6,757,826	\$ 54,616	0.81%

- The SDSTA is liable for the accrued vacation leave payable to all full-time employees. In addition, the SDSTA is liable for a portion of the earned sick leave of employees who have been employed for seven consecutive years. The \$54,616 increase in compensated absences is due to an increase in the corresponding amount of leave accumulated and outstanding at the end of the year for employees. There was not an increase in the xenon notes payable in fiscal year 2021. Note (4) Long-Term Debt in the Notes to Financial Statements on page 24 details the activity for the period for compensated absences and the xenon note payable.
- On October 31, 2019 the SDSTA signed a Promissory Note with the First Interstate Bank for \$5,000,000. This agreement represents a variable rate revolving line of credit. Collateral for this line of credit includes the SDSTA's Account Receivable. The SDSTA put this loan in place if government funding were to be slowed due to a government shutdown.. The SDSTA has not drawn down any funding from this line of credit. The maturity date is October 31, 2021 at which time we will renew for another one-year term.

ECONOMIC FACTORS

- A report released from the Particle Physics Project Prioritization Panel (P5) in May 2014, outlined the 10-year strategic plan for high-energy physics in the United States. The report provides strong support for science programs envisioned to be located at SURF, including research into neutrinos and dark matter, both of which are being researched at SURF. This panel formally advises both the DOE Office of Science and the National Science Foundation (NSF) on support for physics. We expect this report to play a key role in the federal government funding process for years to come. The SDSTA is better positioned to receive continued funding for Operations in the future.
- The SDSTA's Board of Directors approved a capital budget for fiscal year 2021 of \$5,068,074 towards interest payments to the three SD Foundations that we have loans with for xenon procurement as well as the construction and outfitting phase of a new Maintenance Support Facility (MSF), and inclinometer maintenance at the Sanford Lab Homestake Visitor Center. Actual expenditures for the year totaled \$4,698,783. Actual expenses were lower than budgeted for final outfitting of the MSF which will take place in July and August of 2021. The SDSTA's fiscal year 2022 capital budget has been eliminated as all capital type projects have been completed. Interest payments for the xenon loans funded through the \$2,000,000 received in 2017 from GOED, along with insurance on xenon, a small amount for inclinometer testing and display upgrades at the Sanford Lab Homestake Visitor Center, and the final outfitting of the new MSF will be included in the SDSTA's operating budget. The SDSTA's Board of Directors approved an operating budget of \$1,254,905 for fiscal year 2022 in favor of SDSTA supported activities

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONTINUED)

JUNE 30, 2021

ECONOMIC FACTORS (Continued)

- The SDSTA transitioned to a five-year Cooperative Agreement with the Department of Energy's (DOE) Office of Science in September 2019 including a budget of \$119,200,000 for five years for SURF Operations. We are in the second year of this award with a current budget of \$22,750,000. An additional \$10,362,482 has been received to date for Infrastructure Improvement Projects (IIP). Contract to date expenditures through the end of September are at \$43,645,408 for the Operations portion and \$6,110,966 for the IIP portion.
- The Ross Shaft rehabilitation project with FNAL was completed and expired as of July 31, 2021. The LBNF/DUNE Logistics Support Services contract continues with our support to the Long-Baseline Neutrino Facility (LBNF)/ Deep Underground Neutrino Experiment (DUNE) construction efforts with the buildout of the large underground caverns at SURF for this experiment.
- In late 2012, the DOE approved the Long Baseline Neutrino Experiment (LBNE) to proceed with preliminary designs to construct a large neutrino detector at SURF. In October 2014, the United States along with international partners agreed that the SURF was to remain the host for the LBNE related detectors. After further meetings, the LBNE collaboration officially dissolved and transferred all experiment responsibilities to a new collaboration referred to as the associated Deep Underground Neutrino Experiment (DUNE) consisting of United States and International support. The facility to host DUNE, called the Long Baseline Neutrino Facility (LBNF), will send neutrinos through the earth from Fermilab in Batavia, Illinois to SURF in Lead, SD. More recent developments (September 2016) involve the DOE formally approving plans for construction at SURF. The first step of installing LBNF systems to transport 875,000 tons of rock to the surface began in January 2019. Underground activities to excavate rock in order to house the neutrino detectors and related utilities began in June 2021. DOE Support for professional engineering management services continues into fiscal year 2022 for this LBNF effort.
- Further funding was received in fiscal year 2021 through LBNL in support of various experiments. Included was support for the LZ investigations as well as a geothermal analysis project labeled SIGMA-V. These awards reimbursed the SDSTA for expenses incurred in support of the various experiments for materials and supplies as well as a percentage of the salaries of the design team members for their project management skills essential to the work being performed. Support continues in fiscal year 2022 for these same activities through LBNL.
- Additional funding was received during the fiscal year from Oak Ridge National Laboratory and South Dakota Schools of Mines & Technology. Funds were received at SURF to support the Majorana experiment located at the 4850L Davis Campus, as well as the CASPAR experiment located on the same underground level. Support continues in fiscal year 2022 from Oak Ridge. The CASPAR experiment was decommissioned in April 2021. Most of their equipment remains in the current 4850L for future use in their experiment at SURF. This experiment could resume as early as 2024.
- Additional funding was received from RESPEC Company LLC that has a small DOE award for a Thermal Breakout Project. This funding shall end as of September 30, 2021. Further, funding was received from the Kiewit/Alberici Joint Venture and Thyssen Mining Inc. for equipment rentals and miscellaneous items associated with the DUNE project. Amounts charged were then credited to the Cooperative Agreement as the equipment maintenance charges were covered under that funding. An additional agreement was signed with Thyssen Mining Inc. in March 2021 to lease the Ross Pipe Shop and the Ross Maintenance Shop during their excavation of the cavern for the DUNE project. The term of the lease commenced July 1, 2021 and will end upon the completion of the LBNF construction phase 1B, which is estimated to be February 28, 2024.
- A lease agreement was signed on September 15, 2020 whereby Caterpillar Global Mining LLC is leasing two existing rooms located on the SURF 1700-foot level underground. The initial term of the lease began on October 1, 2020 and shall continue until September 30, 2030. The vendor will be developing and testing new mining technology for the industry and intends to commercially sell the newly developed technology. The base

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

MANAGEMENT'S DISCUSSION AND ANALYSIS (CONCLUDED) JUNE 30, 2021

ECONOMIC FACTORS (Continued)

rent of \$150,000 per annum is considered "Program Income" by the DOE Cooperative Agreement and is added to the funds committed to the award and will be used to further eligible SURF Operations projects.

- A Letter Agreement dated February 24, 2014 between the SDSTA and Black Hills State University (BHSU) provided up to \$300,000 per year for three years from the SDSTA to BHSU to administer the Sanford Science Education Center. Matching funds of \$150,000 per year by BHSU is documented. An amended agreement dated June 6, 2017 committed an additional \$275,000 toward education and outreach priorities for the period July 2017 – June 2018. The agreement was amended as of June 8, 2018 for \$275,000 for the period July 2018 – June 2019. Furthermore, the agreement was amended as of July 2019 and again in May 2020 and May 2021 for \$660,000 each year for additional one-year periods. The full period of performance now extends from June 2014 through June 2022. The funding going forward for the Sanford Science Education Center program through BHSU is included in the indirect expenses of the Cooperative Agreement with the DOE Office of Science. This type of funding is encouraged as Cooperative Agreements require the support of a public purpose.
- An additional Letter Agreement between SDSTA and BHSU was initiated in August 2020 to administer and advance the success of the SURF Artist in Residence (AiR) program. \$38,000 was committed by the SDSTA towards collaborative efforts in artistic works and activities. The agreement was amended in August 2021 for an additional year of support for \$38,000. This agreement is funded through SDSTA funds.
- The SDSTA is compliant with all legal and environmental regulations.

CONTACTING THE SDSTA'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the SDSTA's finances and to demonstrate the SDSTA's accountability for the money it receives. If you have any questions about this report or need additional information, contact the South Dakota Science and Technology Authority, 630 East Summit Street, Lead, SD 57754.

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

STATEMENT OF NET POSITION JUNE 30, 2021

ASSETS

Current Assets

Cash in Local Bank and Petty Cash	\$ 5,387,104
Cash on Deposit with State Treasurer	11,560,210
Accounts Receivable	2,719,719
Interest Receivable	31,856
Prepaid Expenses	591,767
Inventory of Supplies & Warehouse	3,282,378
Total Current Assets	23,573,034

Noncurrent Assets

Xenon Purchased (note 5)	8,934,350
Net Pension Asset	24,607
Land	1,814,136
Underground	17,936,955
Buildings, Machinery, Equipment, Infrastructure, & DOE Property Transferred (Net) (Note 3)	64,476,094
Total Noncurrent Assets	93,186,142

TOTAL ASSETS	116,759,176
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Deferred Outflows of Resources

Pension Related Deferred Outflows	4,111,205
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LIABILITIES

Current Liabilities

Accounts Payable	953,517
Accrued Wages and Benefits	987,573
Accrued Leave, Benefits (Note 4)	812,442
Total Current Liabilities	2,753,532

Long-Term Liabilities

Accrued Leave, Benefits (Note 4)	812,442
Long-Term Xenon Notes Payable	6,000,000
Total Long-Term Liabilities	6,812,442

TOTAL LIABILITIES	9,565,974
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Deferred Inflows of Resources

Pension Related Deferred Inflows	3,467,899
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NET POSITION

Invested in Capital Assets	84,227,184
Restricted for:	
Mine Closure	1,540,275
Maintenance Support Facility	126,714
Experiments	881,130
Indemnification	7,500,000
Sanford Center for Science Education	6,570
Pension	667,913
Foundation	409,860
Unrestricted Net Position	12,476,862

TOTAL NET POSITION	\$ 107,836,508
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The accompanying notes are an integral part of this statement.

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION
FOR THE YEAR ENDED JUNE 30, 2021****Operating Revenue**

Charges for Goods and Services	\$ 370,420
Operating Grants	33,963,788
Miscellaneous	482,810
Total Operating Revenue	34,817,018

Operating Expenses

Personal Services	20,358,220
Travel	80,268
Contractual Services	9,025,288
Supplies, Materials and Other Operating Expenses	4,058,716
Depreciation Expense	2,359,565
Total Operating Expenses	35,882,057

Operating Loss	(1,065,039)
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Nonoperating Revenues/Expenses

Interest Revenue	(274,708)
Contributions	232,720
Other Expense	(416,393)
Total Nonoperating Revenues/Expenses	(458,381)

Capital Grants and Contributions	1,330,383
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Change in Net Position	(193,037)
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Net Position -- Beginning of Year	108,029,545
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Net Position -- End of Year	\$ 107,836,508
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The accompanying notes are an integral part of this statement.

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED JUNE 30, 2021

Cash Flows from Operating Activities:

Other Operating Cash Receipts	\$ 838,984
Cash Receipts from Operating Grants	33,829,601
Cash Payments to Employees for Services	(18,959,646)
Cash Payments to Suppliers of Goods and Services	(13,082,958)
Net Cash Used by Operating Activities	2,625,981

Cash Flows from Noncapital Financing Activities:

Interest/Insurance Paid on Xenon	(303,396)
Grants & Donations Paid	(2,423)
Net Cash Used by Noncapital Financing Activities	(305,819)

Cash Flows from Capital and Related Financing Activities:

Purchase of Capital Assets	(5,565,298)
Net Cash Used by Capital and Related Financing Activities	(5,565,298)

Cash Flows from Investing Activities:

Interest Earnings	(232,011)
Net Cash Provided by Investing Activities	(232,011)

Net increase in Cash and Cash Equivalents **(3,477,147)**

Cash and Cash Equivalents at Beginning of Year 20,424,461

Cash and Cash Equivalents at End of Year **\$ 16,947,314**

Reconciliation of Operating Loss to Net Cash Used in Operating Activities:

Operating Loss	\$ (1,065,039)
<i>Adjustments to Reconcile Operating Loss to Net Cash Used in Operating Activities:</i>	
Depreciation & Amortization Expense	2,359,565
Change in Assets and Liabilities:	
Receivables	(148,433)
Prepaid Expenses	57,505
Inventory of Supplies	1,139
Net Pension Asset	27,844
Decrease(Increase) in Deferred Outflow of Resources - Pension	(1,167,841)
Increase (Decrease) Deferred Inflow of Resources - Pension	2,201,313
Accounts and Other Payables	22,669
Accrued Wages Payable	228,026
Accrued Leave Payable	109,233
Net Cash Used in Operating Activities	\$ 2,625,981

Continued on next page

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

**STATEMENT OF CASH FLOWS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

Cash and Cash Equivalents:

Cash in Local Bank	\$	5,387,054
Petty Cash		50
Cash with State Treasurer		11,560,210
Total Cash and Cash Equivalents	\$	16,947,314

Non-Cash Capital and Related Financing Activities:

Loss on Disposal of Assets	\$	107,508
Donated Capital Assets from DOE		763,718
Donated Inventory of Supplies		799,385
Total Non-Cash Activities	\$	1,670,611

The accompanying notes are an integral part of this statement.

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2021

(1) Summary of Significant Accounting Policies

a. Reporting Entity

The South Dakota Science and Technology Authority (SDSTA) was created and organized by Chapter 1-16H of the South Dakota Codified Laws. The purposes of the SDSTA are to foster and facilitate scientific and technology investigation, experimentation, and development by creating a mechanism through which laboratory, experimental and development facilities may be acquired, developed, constructed, maintained, operated, and decommissioned. The initial focus of the SDSTA is to support the transfer of the Homestake Gold Mine in Lead, South Dakota for development by the research community to become the world's premier Underground Science and Engineering Laboratory; more specifically, the Sanford Underground Research Facility (SURF). Additional focus is maintained by the SDSTA for an education and outreach program detailing the progress. The SDSTA is a business type component unit of the State of South Dakota (the State). As such, the accompanying financial statement are included in the Comprehensive Annual Financial Report of the State of South Dakota.

The Sanford Underground Research Facility Foundation (SURFF) is a legally separate, tax exempt component unit of the SDSTA. The SURFF was established as a fundraising organization to supplement resources for the SDSTA programs related to education, internships, public outreach, and the development of the SURF Institute. Thus, the services the SURFF provides is for the SDSTA. The sitting Chairperson of the SDSTA serves as a voting Director on an ex officio basis and is included in the total number of Directors as listed by the Bylaws. Two board members from the SDSTA are also on the Board of the SURF Foundation. The SDSTA is also responsible for any outstanding debt.

b. Fund Accounting

The SDSTA Fund is accounted for as an enterprise fund. Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

c. Basis of Accounting

The SDSTA Fund follows the accrual basis of accounting. Likewise, the SURFF follows the accrual basis of accounting. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

d. Inventory of Supplies

Inventory of supplies consists primarily of expendable equipment/supplies, donated and purchased, not yet in service. Donated inventory of supplies are revalued at their estimated fair value on date of donation. Purchased equipment values are reported at cost. Reported cost values include ancillary charges necessary to place the asset into its intended location and condition for use at a later date.

e. Capital Assets

Capital assets include land, buildings, machinery and equipment, and all other tangible or intangible assets that are used in operations and that have initial useful lives extending beyond a single reporting period. Infrastructure assets are long-lived capital assets that normally are stationary in nature and normally can be preserved for a significantly greater number of years than most capital assets. Capital assets are recorded at historical cost. Donated capital assets are valued at their estimated fair value on the date donated. Reported cost values include ancillary charges necessary to place the asset into its intended location and condition for use. Subsequent to initial capitalization, improvements or betterments that are significant, and which extend the useful life of a capital asset are also capitalized

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED) **JUNE 30, 2021**

(1) Summary of Significant Accounting Policies (Continued)

e. Capital Assets (Continued)

Reported cost values include ancillary charges necessary to place the asset into its intended location and condition for use. Subsequent to initial capitalization, improvements or betterments that are significant, and which extend the useful life of a capital asset are also capitalized.

Depreciation of all exhaustible capital assets is recorded as an expense in the Statement of Revenues, Expenses, and Changes in Net Position, with net capital assets reflected in the Statement of Net Position. Accumulated depreciation is reported on the Statement of Net Position.

Capitalization thresholds (the dollar values above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the SDSTA's financial statements are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land and Land Rights	All Land	N/A	N/A
Improvements	\$ 5,000	Straight-line	10-50 yrs.
Infrastructure	5,000	Straight-line	25-50 yrs.
Buildings	5,000	Straight-line	10-50 yrs.
Automobiles, Furniture, Machinery and Equipment	5,000	Straight-line	2-75 yrs.

f. Revenue and Expense Classifications

In the Statement of Revenues, Expenses, and Changes in Net Position, revenues and expenses are classified in a manner consistent with how they are classified in the Statement of Cash Flows. That is, transactions for which related cash flows are reported as capital and related financing activities, non-capital financing activities, or investing activities are not reported as components of operating revenue or expenses. The Authority's proprietary fund distinguishes between operating and non-operating revenues and expenses. Operating revenues and expenses of the SDSTA consist of reimbursement of the costs of operations from Homestake Mining Company and other entities, and the costs of providing those services, including depreciation. All other revenues and expenses are reported as non-operating.

g. Cash and Cash Equivalents

Cash includes cash on hand, demand deposits, and participating interest in the State's internal investment pool held by the State Treasurer. The amount held in the State's internal investment pool is reported at fair value. The SDSTA essentially has access to the entire amount of their cash resources on demand. Accordingly, equity in the cash management pool is considered to be cash and cash equivalents for the purpose of the Statement of Cash Flows.

h. Equity Classifications

Equity is classified as net position and is displayed in three components:

1. Net investment in capital assets consists of capital assets, including restricted capital assets, net of accumulated depreciation (if applicable) and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.
2. Restricted net position consists of net position with constraints placed on their use either by (a) external groups such as creditors, grantors, contributors, or laws and regulations of other governments; or (b) law through constitutional provisions or enabling legislation.
3. Unrestricted net position all other net position that do not meet the definition of "restricted" or "net investment in capital assets."

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

(1) Summary of Significant Accounting Policies (Concluded)

i. Application of Net Position

It is the SDSTA's policy to first use restricted net position, prior to the use of unrestricted net position, when an expense is incurred for purposes for which both restricted and unrestricted net position are available.

j. Accrued Leave

Compensated absences consist of vacation and sick leave earned. The vacation leave is earned by full-time employees at the rate of 4.62 hours per pay period, increasing to 6.16 hours per pay period after 15 years of service. The vacation leave may accumulate only to a maximum of twice the annual accrual. Upon retirement or resignation, only full-time employees with 180 days of continuous service will be paid for accumulated vacation leave. Sick leave is earned at the rate of 4.32 hours per pay period. Upon termination, some employees are entitled to receive compensation for a portion of their sick leave balance. Those with seven years of service or more will receive compensation at the rate of 25 percent of their balance up to a maximum of 480 hours.

k. Pensions

For purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense (revenue), information about the fiduciary net position of the South Dakota Retirement System (SDRS) and additions to/deletions from SDRS's fiduciary net position have been determined on the same basis as they are reported by SDRS. The SDSTA's contributions and net pension liability (asset) are recognized on an accrual basis of accounting.

(2) Deposits and Investments

Deposits

The majority of the SDSTA's cash is on deposit with the State Treasurer. Such funds are invested through the South Dakota Investment Council. Management of the State's internal investment pool is the statutory responsibility of the South Dakota Investment Council (SDIC). The investment policy and required risk disclosures for the State's internal investment pool are presented in the audit report of the South Dakota Investment Council, which can be obtained by contacting the Department of Legislative Audit, 427 South Chapelle, c/o 500 East Capitol, Pierre, South Dakota 57501.

Custodial credit risk is the risk that in the event of a bank failure, the SDSTA's deposits may not be returned to it. The SDSTA does not have a deposit policy for custodial credit risk. None of the SDSTA's deposits were exposed to custodial credit risk.

Investments

In general, SDCL 1-16H-18 permits funds to be invested in (a) direct obligations of, or obligations the principal of the interest on which are fully guaranteed or insured by, the United States of America; or (b) obligations of any solvent insurance company or other corporation or business entity if rated in the two highest classifications established by a standard rating service or insurance companies or a nationally recognized rating agency; or (c) short term discount obligations of the Federal National Mortgage Association; or (d) obligations of any state of the United States or any political subdivision, public instrumentality, or public authority of any state of the United States, which obligations are not callable before the principal is to be paid, are fully secured as to both sufficiency and timely payment by, and payable solely from, obligations described in (a). The SDSTA did not have any investments as of June 30, 2021.

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

(3) Changes in Capital Assets

A summary of changes in capital assets for the year ended June 30, 2021 is as follows:

	Balance June 30, 2020	Reclassified*	Increases	Decreases	Balance June 30, 2021
Business-Type Activities:					
Capital Assets, not Being Depreciated:					
Land	\$ 1,814,136	\$ -	\$ -	\$ -	\$ 1,814,136
Underground	17,936,955	-	-	-	17,936,955
Archive Materials	70,000	-	-	-	70,000
Construction Work in Progress (Note 8)	1,824,308	(5,885,479)	4,061,171	-	-
Total Capital Assets, not Being Depreciated	21,645,399	(5,885,479)	4,061,171	-	19,821,091
Capital Assets, Being Depreciated:					
DOE Property Transferred	290,484	-	1,585,992		1,876,476
Automobiles	237,336	-	69,660		306,996
Buildings	7,704,177	5,885,479			13,589,656
Furniture	74,212	-	-	-	74,212
Computer Equipment	570,933	-	-	216,255	354,678
Improvements	55,625,517				55,625,517
Infrastructure	2,003,189	-			2,003,189
Machinery and Equipment	10,688,917	(190,600)	304,991	337,835	10,465,473
Total Capital Assets, Being Depreciated	77,194,765	5,694,879	1,960,643	554,090	84,296,197
Total Capital Assets, Before Depreciation	98,840,164	(190,600)	6,021,814	554,090	104,117,288
Less Accumulated Depreciation:					
DOE Property Transferred	-	-	176,122	-	176,122
Automobiles	77,499	-	24,350		101,849
Buildings	2,136,128	-	155,376		2,291,504
Computer Equipment	401,335		53,732	216,255	238,812
Furniture	58,501	-	4,486		62,987
Improvements	9,077,948	-	1,333,084		10,411,032
Infrastructure	446,637	-	52,456		499,093
Machinery and Equipment	5,936,318	(157,246)	559,959	230,326	6,108,705
Total Accumulated Depreciation	18,134,366	(157,246)	2,359,565	446,581	19,890,104
Capital Assets, Net	\$ 80,705,798	\$ (33,354)	\$ 3,662,249	\$ 107,509	\$ 84,227,184

*Reclassifications are due to the SDSTA performing analysis of assets that were previously grouped in construction work in progress costs. Various items were transferred to the correct category as they were placed into service.

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

(4) Long-Term Debt

A summary of changes in long-term debt follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Accrued Compensated Absences	\$ 1,515,652	\$ 856,646	\$ 747,414	\$ 1,624,884	\$ 812,442
Xenon Notes Payable	6,000,000	-	-	6,000,000	-
	\$ 7,515,652	\$ 856,646	\$ 747,414	\$ 7,624,884	\$ 812,442

Xenon Notes Payable

Loan Agreements with S.D. Community Foundation (SDCF), S.D. State University Foundation (SDSUF), and University of S.D. Foundation (USDF) to purchase xenon.

Repayment of Xenon Notes Payable

Each Foundation's share of the xenon shall be sold at a time such that the loans will be paid by the maturity date provided by the loan documents. Furthermore, if the SDSTA sells the xenon for more than the cost to purchase it, the Foundations shall be paid the full principal amount payable plus an amount equal to the Average Return times the number of liters of xenon purchased using Foundation Funds. The "Average Return" means the total price received for the sale of all xenon owned by SDSTA within the Project minus the amount paid to all Foundations providing funding, with the difference then divided by the total number of liters sold. Furthermore, if the SDSTA fails to pay any payment required on or before the due date, the Foundations may declare the entire remaining balance immediately due and payable.

The loans are 11 year, unsecured non recourse loans with 2.5% simple interest paid quarterly. The SDCF note is due on October 1, 2026. The SDSUF and USDF notes are due December 1, 2026.

Also see Note 8. \$ 6,000,000

The annual requirements to amortize long-term debt outstanding as of June 30, 2021, are as follows:

	Xenon Notes Payable		Totals	
	Interest	Principal	Interest	Principal
2022	\$ 150,000	\$ -	\$ 150,000	\$ -
2023	150,000	-	150,000	-
2024	150,000	-	150,000	-
2025	150,000	-	150,000	-
2026	150,000	-	150,000	-
2027	62,500	6,000,000	62,500	6,000,000
Total	\$ 812,500	\$ 6,000,000	\$ 812,500	\$ 6,000,000

(5) Xenon Purchases

Xenon purchased is valued at a cost per liter with additional freight, customs, and analysis charges. Total xenon purchased to date is \$8,934,350 as shown by the detail below.

Fiscal Year	# of Liters	Total Cost	Average Cost/Liter
2014	20,000	\$332,855	\$16.64/liter
2016	200,000	1,273,808	6.37/liter
2017	600,295	3,433,693	5.72/liter
2018	260,000	1,473,544	5.67/liter
2019	300,000	1,650,450	5.50/liter
2020	140,000	770,000	5.50/liter
Total Purchased	1,520,295	\$8,934,350	\$ 5.88/liter

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

(6) Retirement/Pension Plan (Continued)

Plan Information:

All employees, working more than 20 hours per week during the year, participate in the South Dakota Retirement System (SDRS), a cost sharing, multiple employer defined benefit pension plan administered by SDRS to provide retirement benefits for employees of the State of South Dakota and its political subdivisions. The SDRS provides retirement, disability, and survivors' benefits. The right to receive retirement benefits vests after three years of credited service. Authority for establishing, administering, and amending plan provisions are found in SDCL 3-12. The SDRS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained at <http://www.sdrs.sd.gov/publications/> or by writing to the SDRS, P.O. Box 1098, Pierre, SD 57501-1098 or by calling (605) 773-3731.

Benefits Provided:

SDRS has three different classes of employees, Class A general members, class B public safety and judicial members, and Class C Cement Plant Retirement Fund members.

Members that were hired before July 1, 2017 are Foundation members. Class A Foundation members and Class B Foundation members who retire after age 65 with three years of contributory service are entitled to an unreduced annual retirement benefit. An unreduced annual retirement benefit is also available after age 55 for Class A Foundation members where the sum of age and credited service is equal to or greater than 85 or after age 55 for Class B Foundation judicial members where the sum of age and credited service is equal to or greater than 80. Class B Foundation public safety members can retire with an unreduced annual retirement benefit after age 55 with three years of contributory service. An unreduced annual retirement benefit is also available after age 45 for Class B Foundation public safety members where the sum of age and credited service is equal to or greater than 75. All Foundation retirement benefits that do not meet the above criteria may be payable at a reduced level.

Members that were hired on/after July 1, 2017, are Generational members. Class A Generational members and Class B Generational judicial members who retire after age 67 with three years of contributory service are entitled to an unreduced annual retirement benefit. Class B Generational public safety members can retire with an unreduced annual retirement benefit after age 57 with three years of contributory service. At retirement, married Generational members may elect a single-life benefit, a 60 percent joint and survivor benefit, or a 100 percent joint and survivor benefit. All Generational retirement benefits that do not meet the above criteria may be payable at a reduced level. Generational members will also have a variable retirement account (VRA) established, in which they will receive up to 1.5 percent of compensation funded by part of the employer contribution. VRA's will receive investment earnings based on investment returns.

Legislation enacted in 2017 established the current COLA process. At each valuation date:

- Baseline actuarial accrued liabilities will be calculated assuming the COLA is equal to the long-term inflation assumption of 2.25%.
- If the fair value of assets is greater or equal to the baseline actuarial accrued liabilities, the COLA will be:
 - The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than 3.5%.
- If the fair value of assets is less than the baseline actuarial accrued liabilities, the COLA will be:
 - The increase in the 3rd quarter CPI-W, no less than 0.5% and no greater than a restricted maximum such that, that if the restricted maximum is assumed for future COLA's, the fair value of assets will be greater or equal to the accrued liabilities.

All benefits except those depending on the Member's Accumulated Contributions are annually increased by the Cost-of-Living Adjustment.

Contributions:

Per SDCL3-12, contribution requirements of the active employees and the participating employers are established and may be amended by the SDRS Board. Covered employees are required by state statute to contribute the following percentages of their salary to the plan; Class A Members 6.0% of salary; Class B Judicial Members, 9.0% of salary; and Class B Public Safety Members, 8.0% of salary. State Statute also requires the employer to contribute an amount equal to the employee's contribution. The SDSTA's share of contributions to the SDRS for the fiscal years ended June 30, 2021, 2020, and 2019 was \$841,062, \$746,095, and \$631,417, respectively, equal to the required contributions each year.

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED) JUNE 30, 2021

Pension Liabilities (Assets), Pension Expense (Revenue), and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions:

As of June 30, 2020, SDRS is 100.04% funded and accordingly has a net pension asset. The proportionate share of the components of the net pension asset of the South Dakota Retirement System for the SDSTA as of the measurement period ending June 30, 2020 and reported by the SDSTA as of June 30, 2021 are as follows:

Proportionate share of pension liability	\$69,650,697
Less Proportionate share of net pension restricted for pension benefits	69,675,304

Proportionate share of net pension liability (asset)	\$ (24,607)
	=====

At June 30, 2021, the SDSTA reported a liability (asset) of \$ (24,607) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2020, and the total pension liability (asset) used to calculate the net pension asset was based on a projection of the SDSTA's share of contributions to the pension plan relative to the contributions of all participating entities. At June 30, 2020, the SDSTA's proportion was .5665885% which is an increase of .0716401% from its proportion measured as of June 30, 2019.

For the year ended June 30, 2021, the SDSTA recognized pension expense of \$1,061,315. At June 30, 2021, the SDSTA reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows <u>Of Resources</u>	Deferred Inflows <u>Of Resources</u>
Difference between expected and actual experience.	\$ 94,135	\$ 19,277
Changes in assumption.	792,605	3,196,622
Net Difference between projected and actual earnings on pension plan investments.	2,287,084	
Changes in proportion and difference between SDSTA contributions and proportionate share of contributions.	96,319	252,000
SDSTA contributions subsequent to the measurement date.	841,062	-0-
	-----	-----
TOTAL	\$ 4,111,205	\$ 3,467,899
	=====	=====

\$841,062 reported as deferred outflow of resources related to pensions resulting from the SDSTA's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2022. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense (revenue) as follows:

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

(6) Retirement/Pension Plan (Continued)

Year Ended June 30:

2022	\$ (300,196)
2023	(288,452)
2024	(24,130)
2025	415,022

TOTAL	\$ (197,756)
	=====

Actuarial Assumptions:

The total pension liability (asset) in the June 30, 2020 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25 %
Salary Increases	6.50% at entry to 3.00% after 25 years of service
Discount Rate	6.50% net of plan investment expense
Future COLAs	1.41%

Mortality rates were based on 97% of the RP-2014 Mortality Table, adjusted to 2006 projected generationally with Scale MP-2016, white collar rates for females and total dataset rates for males. Mortality rates for disabled members were based on the RP-2014 Disabled Retiree Mortality Table, adjusted to 2006 and projected generationally with Scale MP-2016.

The actuarial assumptions used in the June 30, 2020 valuation were based on the results of an actuarial experience study for the period of July 1, 2011 to June 30, 2016.

Investment portfolio management is the statutory responsibility of the South Dakota Investment Council (SDIC), which may utilize the services of external money managers for management of a portion of the portfolio. SDIC is governed by the Prudent Man Rule (i.e., the council should use the same degree of care as a prudent man). Current SDIC investment policies dictate limits on the percentage of assets invested in various types of vehicles (equities, fixed income securities, real estate, cash, private equity, etc.). The long-term expected rate of return on pension plan investments was determined using a method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of real rates of return for each major asset class included in the pension plan's target asset allocation as of June 30, 2020 (see the discussion of the pension plan's investment policy) are summarized in the following table using geometric means:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Equity	58.0%	5.1%
Fixed Income	30.0%	1.5%
Real Estate	10.0%	6.2%
Cash	2.0%	1.0%

Total	100%	
	=====	

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

(6) Retirement/Pension Plan (Concluded)**Discount Rate:**

The discount rate used to measure the total pension liability (asset) was 6.50%. The projection of cash flows used to determine the discount rate assumed that plan member contributions will be made at the current contribution rate and that matching employer contributions will be made at rates equal to the member rate. Based on these assumptions, the pension plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

Sensitivity of (liability) to changes in the discount rate:

The following presents the SDSTA's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.50% as well as what the SDSTA's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage point lower (5.50%) or 1-percentage point higher (7.50%) than the current rate:

	<u>1% Decrease</u>	<u>Current Discount Rate</u>	<u>1% Increase</u>
SDSTA's proportionate share of the net pension liability (asset)	\$9,545,818	\$ (24,607)	\$(7,853,026)

Pension Plan Fiduciary Net Position:

Detailed information about the plan's fiduciary net position is available in the separately issued SDRS financial report.

(7) Risk Management

The SDSTA is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. There were no insurance claims exceeding insurance coverage during the past three years. During the period ended June 30, 2021, the SDSTA managed its risks as follows:

Building Structure Charges:

The buildings and permanent structures owned by the SDSTA are not covered by commercial insurance. However, the recently erected MSF is covered by commercial insurance.

Personal Property Insurance:

The SDSTA purchases insurance for the contents of the administration building from a commercial insurance carrier. However, the contents of the SDSTA's other buildings are not insured.

Employee Health Insurance:

The SDSTA purchases health insurance for its employees from a commercial insurance carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Liability Insurance:

The SDSTA purchases liability insurance for risks related to torts, theft or damage of property, errors and omissions of public officials, employee practices liability coverage, employee dishonesty, cybersecurity, and professional engineers' coverage through its participation in the South Dakota Authority Captive Insurance Company, a component unit of the State of South Dakota. Additional liability coverage including auto liability coverage and environmental liability is purchased from commercial insurance carriers. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

(7) Risk Management (continued)

Worker's Compensation:

For the policy renewal date of January 1, 2021 through January 1, 2022, the SDSTA continued to purchase workmen's compensation through a commercial insurance carrier. Settled claims resulting from these risks have not exceeded the liability coverage during the past three years.

Unemployment Benefits:

The SDSTA provides coverage for unemployment benefits by paying into the Unemployment Compensation Fund established by state law and managed by the State of South Dakota.

(8) Significant Commitments, Contracts, and Subsequent Events

On December 23, 2009, the SDSTA received \$20,000,000 designated as Sanford Gift No.2. Gift No.2 was originally established for the construction of the Sanford Center for Science Education. Two amendments to the Homestake Gift Agreement were signed in June 2010 and October 2011, respectively, whereby it was agreed to use \$15 million of this \$20 million for infrastructure and safety upgrades at the Underground Davis Campus and for replacing steel and other rehabilitation of the Ross Shaft. In early August 2012, the SDSTA signed a third amendment to the Gift Agreement and received the remaining \$15 million of Gift No.2 called for by Section 2 of the Gift Agreement. The Gift No.2 balance of \$20 million was to be held in a restricted fund whereby the principal was not to be expended until a written approval of a business and operational plan for the Sanford Center for Science Education was received from Mr. Sanford. Furthermore, the third amendment allowed the SDSTA to utilize and expend interest and other earnings on Gift No.2 restricted funds. In May, 2013, the SDSTA signed a fourth amendment to the Gift Agreement whereby it was agreed to expend up to \$7,000,000 of Gift No.2 for the construction or remodeling of the Yates Dry Building (located at SURF), the remodeling or replacement of the Lead Homestake Visitor's Center and the remodeling of Jonas Hall (located on the campus of Black Hills State University in Spearfish, SD). This authorization was conditioned on the SDSTA raising \$1.5 million from other sources for the Black Hills State University project and \$1 million for the SURF Homestake Visitor's Center (SLHVC) in Lead. The SDSTA secured a \$2 million Future Fund grant from the State of South Dakota in October 2013 and an additional \$500,000 was received in July 2014 from Great Plains Education Foundation that satisfied this monetary obligation. Both outside facilities agreed in writing to incorporate and use the name "Sanford" in the naming of the facilities. Operating agreements are in place which reasonably provide for the ongoing operations of the respective facilities by the Homestake Visitor Center, Inc. and Black Hills State University. Given the construction budget of the SLHVC and the Jonas Science Building renovation costs, it was not possible to undertake the upgrades to the Yates Dry. These details were reported in the Fifth Amendment to the Homestake Gift Agreement in February 2015. Furthermore, any part of Gift No.2 not used for the three construction projects may be used for the construction and operation of additional underground laboratory space at SURF to accommodate other experiments, and for related infrastructure to access or support the new laboratory space through the shafts. After the above projects were finished approximately \$1,000,000 remained. On June 23, 2016 the sixth amendment was signed allowing the SDSTA to use the remaining funds to purchase real estate known as "Ellison Hill" and to conduct needed environmental assessments and remediation of the property. This will provide needed storage and construction material laydown space for the LBNF and DUNE projects. The "Ellison Hill" property was purchased in May 2017. The cost of this remediation was shared equally by the SDSTA and Homestake Mining Company per the purchase agreement.

With additional change orders, the contract amount was decreased to \$302,319. Remediation of the property was completed in November 2017. At fiscal year end 2021, a balance of \$6,853 remained as Gift No. 2 funds. This will be used for updating of displays at the Sanford Lab Homestake Visitor Center.

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

(8) Significant Commitments, Contracts, and Subsequent Events (Continued)

The SDSTA's long-term cooperative agreement with Homestake Mining Company of California continues. The SDSTA agrees to combine Homestake's wastewater from Grizzly Gulch with the mine wastewater, as well as treat, and discharge the water. For the first year of this agreement, Homestake agreed to pay the SDSTA an amount ranging from \$.58 to \$.84 per 1000 gallons based on average total gallons treated per minute per month. Revenue from this agreement for the past two years was \$257,854 and \$242,769 respectively. Revenue was higher this last year due to the number of gallons treated being higher. The terms of the agreement were amended in September 2020 adjusting the price per 1000 gallons to \$.75 and extending this price and the contract to September 30, 2030. Estimated revenues for the upcoming year are at \$225,000.

A lease between the SDSTA and DOE for land (above ground) and space (underground) for the LBNF was signed on March 29, 2016. The term of the lease goes through April 30, 2036 but shall remain in force thereafter from year to year without further notice but shall in no event extend beyond a total of 65 years. Additional amendments to this lease executed in June 2017 and May 2018 (Amendment #1 and Amendment #2) added additional space in the Ross Dry Facility in support of the Long Baseline Neutrino Facility. An easement was signed with Homestake Mining Company for the construction and maintenance of conveyor facilities for the transportation of excavated rock to the Open Cut (open mine pit) owned by Homestake. The LBNF will include a large experimental facility underground at the 4850'L. Waste rock excavated from that level will be deposited into the Open Cut. An additional easement was negotiated with the City of Lead across their property to construct, maintain, and operate this overhead conveyance system. The conveyance system has been constructed and waste rock is being transported into the Open Cut starting June 2021.

Homestake Mining Company agreed with the signing of the Third Amendment to the Property Donation Agreement in August 2015 to release \$2,500,000 from the Indemnification Fund for the SDSTA to fund the captive insurance company. The original appropriation for the indemnification fund found at 2004 SD Session Laws, Chapter 14, Section 1 was revised by the State Legislature per Legislative Session 2015 HB 1186, to allow the use of up to \$2,500,000 to provide initial capital and pay expenses for the SDSTA's purposes in the captive insurance company.

Letter Agreement #1586 was signed in August 2015 between the GOED and the SDSTA whereby the State is granting up to \$6,000,000 between July 14, 2015 and September 30, 2018. The State has chosen to engage in a partnership with the SDSTA, the South Dakota Community Foundation, the South Dakota State University Foundation, and the University of South Dakota Foundation to assist with the costs of infrastructure/laboratory upgrades, procurement of xenon for the LUX-ZEPLIN (LZ) dark matter experiment, and interest payments to these foundations. The full \$6,000,000 has been received from the State as well as \$2,000,000 each from the South Dakota Community Foundation, the University of South Dakota Foundation, and the South Dakota State University Foundation. Loan agreements are in place between the SDSTA and the three foundations for a total of \$6,000,000 to be used for the purchase of xenon for the future LZ experiment. The loans extend to the last quarter of 2026. They are unsecured nonrecourse loans with 2.5% simple interest to be paid quarterly to each lender. The loans will be repaid at the end of the LZ experiment (approximately October 2026) from the sale proceeds of the xenon previously purchased. A total of 1,520,295 liters of xenon have been purchased for experiment use. The processed xenon has all been received at SURF and is being used in the LZ experiment.

Letter Agreement #1640 was signed in October 2019 between the GOED and the SDSTA. The SDSTA received \$4,000,000 to design, build, and maintain a new Maintenance Support Facility (MSF). The legacy facilities were dated and needed to be replaced. Therefore, the State of South Dakota provided funding to assist in the construction of a new MSF. This is appropriate to accomplish the SDSTA's present and future requirements. Additionally, GOED Letter Agreement #1659 was signed in June 2019 for an additional \$2,500,000 to assist in the construction and outfitting of the new facility. This was necessary to ensure that it will be completed on schedule. An additional amendment to Letter Agreement #1659 was signed in June 2020 to extend the period of performance to June 30, 2021. This was necessary due to a work stoppage during March and April 2020 due to concerns related to the COVID-19 pandemic. The building construction was completed in June 2021. However, approximately \$127,000 had not been spent as of year end due to delays in shipments of various outfitting equipment. An additional amendment was signed in June 2021 to extend the period of performance to September 30, 2021. As of the middle of September, all funds have been spent on the final outfitting of the new building.

A contract with RCS Construction, Inc. was signed in June 2021 for the replacement of the potable water lines to the Yates Complex. The current contract amount is \$1,397,289 and will be completed by June 2022.

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

(9) Significant Contingencies - Litigation

At June 30, 2021 the SDSTA was involved in one lawsuit. No determination can be made at this time regarding the potential outcome of this lawsuit. However, as discussed in the Risk Management note, the SDSTA has liability coverage for itself and its employees through the Captive Insurance Company. Therefore, no material effects are anticipated to the SDSTA concerning the potential outcome of this lawsuit.

(10) Construction Work in Process

The SDSTA accumulates the costs of construction projects in Construction Work in Progress until the projects are completed and/or placed in service. Some of the ongoing improvement projects are capitalized as they progress. As of June 30, 2021 construction work in progress was at zero as the Maintenance Support Facility building was completed at fiscal year end. The contract with Dean Kurtz Construction for this project was completed.

(11) Continuing Operations

On September 30, 2019, the SDSTA transitioned to a five-year Cooperative Agreement with the DOE's Office of Science – Integrated Support Center. This will fund the SDSTA's operations for SURF. The federal fiscal year 2022 budget totals \$23,800,000. The five-year total equals \$119,200,000 to support the facility operations. Additionally, the SDSTA has received to date \$10,362,482 for Infrastructure Improvement Projects (IIP). We have proposed for fiscal year 2022 approximately \$8.8 million of infrastructure improvements that will awarded separately. LBNF/DUNE Logistics Support Services continues with FNAL through March 31, 2024. Additionally, SDSTA support for the LZ experiment operations efforts and the SIGMA-V project have both been extended to September 2022.

(12) Related Party Transactions

Mr. Ron Wheeler was appointed to the Board of Directors by the Governor effective July 1, 2013 and is a current member of the Board of Directors. As of July 1, 2013, Ron Wheeler transitioned from the Executive Director role to the position of Director of Governmental & External Affairs for the SDSTA. Mr. Wheeler was a full-time employee of the SDSTA until January 3, 2014, at which time he retired from full-time employment. Effective January 3, 2014, the SDSTA signed a contract with Mr. Wheeler as a consultant for the SDSTA. The contract, including amendments, is for \$539,000 and extends to January 15, 2022. For the period of July 1, 2020 – June 30, 2021, he was paid \$48,000 for his consulting services. Mr. Wheeler will assist in directing the state and federal government affairs programs for the SDSTA.

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

JUNE 30, 2021

(13) Blended Component Unit Condensed Financial Information

SANFORD UNDERGROUND RESEARCH FACILITY FOUNDATION

CONDENSED STATEMENT OF NET POSITION

JUNE 30, 2021

ASSETS

Current Assets

Cash in Local Bank	\$	294,860
Accounts Receivable		15,000
Contributions Receivable		75,000
Total Current Assets		384,860

TOTAL ASSETS **384,860**

NET POSITION

Restricted for:

Davis-Bachall	75,000
Garden	284,454
Interns	10,405
Public Outreach	15,000
Unrestricted Net Position	1

TOTAL NET POSITION **\$ 384,860**

CONDENSED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION

JUNE 30, 2021

Restricted Revenue

Garden	\$	304,228
Interns		14,461
Public Outreach		19,177
STEM Education		45,177
Miscellaneous and Unrestricted Revenue		15,967
Total Revenue		399,010

Expenses

Miscellaneous Expenses	\$	9,136
Payments to Primary Government		80,015
Total Expenses		89,151

Change in Net Position **309,859**

Net Position -- Beginning of Year **75,001**

Net Position -- End of Year **\$ 384,860**

CONDENSED STATEMENT OF CASH FLOWS

JUNE 30, 2021

Cash Provided from Operating Activities

Cash Received from Donations	\$	374,874
Cash Payments for Operating Activities		80,015
Net Increase in Cash and Cash Equivalents		294,859

Cash and Cash Equivalents at Beginning of Year **1**

Cash and Cash Equivalents at End of Year **\$ 294,860**

SCHEDULE OF PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)

South Dakota Retirement System

Last 10 Fiscal Years *

	2021	2020	2019	2018	2017	2016	2015
SDSTA's proportion of the net pension liability (asset)	0.5665885%	0.4949484%	0.4444633%	0.4881662%	0.5027360%	0.5089089%	0.5287996%
SDSTA's proportionate share of net pension liability (asset)	\$ (24,607)	\$ (52,451)	\$ (10,366)	\$ (44,302)	\$ 1,698,193	\$ (2,158,428)	\$ (3,809,788)
SDSTA's covered employer payroll	\$ 12,193,592	\$ 10,237,119	\$ 8,995,993	\$ 9,596,007	\$ 9,256,007	\$ 9,042,866	\$ 8,888,749
SDSTA's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	0.20%	0.51%	0.12%	0.46%	18.35%	23.87%	42.86%
Plan fiduciary net position as a percentage of the total pension liability (asset)	100.04%	100.09%	100.02%	100.10%	96.89%	104.10%	107.30%

* The amounts presented for each fiscal year were determined as of the measurement date of the collective net pension liability (asset) which is 6/30 of previous fiscal year. Until a full 10-year trend is compiled, the SDSTA will present information for

SCHEDULE OF THE AUTHORITY CONTRIBUTIONS

South Dakota Retirement System

Last 10 Fiscal Years

	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 841,062	\$ 746,095	\$ 631,417	\$ 554,398	\$ 595,112	\$ 573,626	\$ 557,420
Contributions in relation to the contractually required contribution	\$ 841,062	\$ 746,095	\$ 631,417	\$ 554,398	\$ 595,112	\$ 573,626	\$ 557,420
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
SDSTA's covered-employee payroll	\$ 13,727,913	\$ 12,193,592	\$ 10,237,119	\$ 8,995,993	\$ 9,596,007	\$ 9,256,007	\$ 9,042,866
Contributions as a percentage of covered-employee payroll	6.13%	6.12%	6.17%	6.16%	6.20%	6.20%	6.16%

* Until a full 10-year trend is compiled, the SDSTA will present information for those years for which information is available.

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
Schedule of the Proportionate Share of the Net Pension Liability (Asset) and
Schedule of the SDSTA Contributions.

Changes from Prior Valuation:

The June 30, 2020 Actuarial Valuation reflects no changes in actuarial methods from the June 30, 2019 Actuarial Valuation. One change in actuarial assumptions and two plan provision changes are reflected and described below.

The details of the changes since the last valuation are as follows:

Benefit Provision Changes:

Legislation enacted in 2020 established a Qualified Benefit Preservation Arrangement (QBPA) under Section 415(m) of the Internal Revenue Code (IRC). The QBPA is effective July 1, 2020 and pays a portion of SDRS benefits that are restricted by IRC Section 415(b). The total benefits paid from SDRS and the QBPA will be limited to the applicable 415(b) annual limit, unreduced for early commencement if Members retire prior to age 62 and actuarially increased for late retirement up to age 70 if Members retire after age 65. The Actuarial Valuation considers benefits payable from both SDRS and the QBPA.

Legislation enacted in 2020 also brought the assets and the liabilities of the South Dakota Department of Labor and Regulation Plan into SDRS effective July 1, 2020. With the exception of the accounting results presented in Section 6 of this report, all exhibits include the assets, liabilities, and member counts of the former Department of Labor and Regulation Plan Members.

Actuarial Assumption Changes:

The SDRS COLA equals the percentage increase in the most recent third calendar quarter CPI-W over the prior year, no less than 0.5% and no greater than 3.5%. However, if the FVFR assuming the long-term COLA is equal to the baseline COLA assumption (currently 2.25%) is less than 100%, the maximum COLA payable will be limited to the increase that if assumed on a long-term basis, results in a FVFR equal to or exceeding 100%. That condition existed as of June 30, 2019 and exists again this year as of June 30, 2020. Future COLAs are assumed to equal the current restricted maximum COLA which was 1.88% as of June 30, 2019 and is 1.41% as of June 30, 2020.

The changes in actuarial assumptions due to the 1.41% restricted maximum COLA decreased the Actuarial Accrued Liability by \$595 million, or 4.6% of the Actuarial Accrued Liability based on the 1.88% restricted maximum COLA.

Actuarial assumptions are reviewed in depth periodically, with the next experience analysis anticipated before the June 30, 2022 Actuarial Valuation and any recommended changes anticipated to be first implemented in the June 30, 2022 Actuarial Valuation.

Actuarial Method Changes:

No changes in actuarial methods were made since the prior valuation.

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

**SCHEDULE OF OPERATING EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021**

Personal Services

Employee Salaries	\$	12,294,322
Employee Benefits		8,063,898

Total Personal Services		20,358,220
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Travel

Meals and Lodging	17,854
Auto and Fleet Services	54,754
Air - Commercial and Charter	5,620
Incidentals to Travel	276
Non-Employee Travel	1,764
Meals (Not Overnight)	-

Total Travel	80,268
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Contractual Services

Equipment Rental	177,453
Contractual - Other	3,577,589
Insurance	1,086,099
Lobbying	215,000
Computer Services	419,126
Telecommunications	77,690
Monitoring and Programming	29,737
Legal Consultant	128,620
Training	99,674
Consultant Fees - Accounting and Auditing	17,759
Promotion and Advancement	14,044
Dues and Memberships	13,555
Utilities	2,252,408
Maintenance and Repairs	916,534

Total Contractual Services	9,025,288
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Supplies, Materials and Other Operating Expenses

Maintenance and Repairs	1,557,801
Other Supplies and Equipment	2,415,643
Other Expenses	6,034
Office Supplies and Equipment	27,495
Licenses and Permits	42,140
Workshop and Registration Fees	3,444
Postage	4,288
Bank Charges	1,871

Total Supplies, Materials and Other Operating Expenses	4,058,716
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Depreciation Expense	2,359,565
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Total Operating Expenses	\$ 35,882,057
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SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2021**

	Pass-Through Numbers	CFDA Numbers	Amount
<i>U.S. Department of Energy</i> Pass-Through the Regents of the University of California LUX/Zeplin (LZ) Experiment Operations - Engineer/Research Supp.	7525117	81.UNKNOWN	\$ 1,327,926
<i>U.S. Department of Energy</i> Pass-Through the Regents of the University of California LBNL SIGMA-V Project	7371823	81.UNKNOWN	418,403
<i>U.S. Department of Energy</i> Pass-Through Oak Ridge National Laboratory Experiment Support for Majorana Demonstrator	4000144149	81.UNKNOWN	24,831
<i>U.S. Department of Energy</i> Pass-Through Oak Ridge National Laboratory Experiment Support for Majorana Demonstrator	4000185715	81.UNKNOWN	8,115
<i>U.S. Department of Energy</i> Pass-Through Fermi National Accelerator Laboratory SURF (Sanford Underground Research Facility) Operations Support	629760	81.UNKNOWN	379,349
<i>U.S. Department of Energy</i> Pass-Through Fermi National Accelerator Laboratory SURF (Sanford Underground Research Facility) Ross Shaft Rehab	630223	81.UNKNOWN	1,344,226
<i>U.S. Department of Energy</i> Pass-Through Fermi National Accelerator Laboratory SURF (Sanford Underground Research Facility) Ross S.Logistics	654406	81.UNKNOWN	1,884,413
<i>U.S. Department of Energy</i> Pass-Through Fermi National Accelerator Laboratory SURF(Sanford Underground Research Facility)LBNF/DUNE Support	674969	81.UNKNOWN	739,495
<i>U.S. Department of Energy</i> Pass-Through Fermi National Accelerator Laboratory SURF (Sanford Underground Research Facility) Oro Hondo Fan Rec.	658475	81.UNKNOWN	1,254
<i>U.S. Department of Energy</i> Pass-Through Fermi National Accelerator Laboratory SURF (Sanford Underground Research Facility)Ross H.Bearing Rec.	658208	81.UNKNOWN	39,431
<i>U.S. Department of Energy</i> Pass-Through Fermi National Accelerator Laboratory SURF(Sanford Underground Research Facility)LBNF Prof.Staff Serv.	671265	81.UNKNOWN	228,407
<i>U.S. Department of Energy</i> Pass-Through RESPEC Thermal Breakout Project	03506A	81.UNKNOWN	10,881
<i>National Science Foundation:</i> Pass-Through South Dakota School of Mines & Technology Mathematical and Physical Sciences Research Grant	PHY-1615197	47.049	2,198

SOUTH DAKOTA SCIENCE AND TECHNOLOGY AUTHORITY**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2021**

	Pass-Through Numbers	CFDA Numbers	Amount
<i>U.S. Department of Energy</i>			
Office of Science - Chicago Office of Acquisition/Assistance	DE-SC0020216	81.049	27,087,799
Total			\$ 33,496,727

Note: The schedule of expenditures of federal awards is presented on the cash basis of accounting.

**NOTES TO SCHEDULE OF EXPENDITURE OF FEDERAL AWARDS
JUNE 30, 2021****Note 1: Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (the "Schedule") includes the federal award activity of the SDSTA under programs of the federal government for the year ended June 30, 2021. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the SDSTA, it is not intended to and does not present the financial position, changes in net position, or cash flows of the SDSTA.

Note 2: Summary of Significant Accounting Policies

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years. The SDSTA has elected not to use the 10-percent indirect cost rate as allowed under the Uniform Guidance.

Note 3: Federal Surplus Property

There were no federal surplus property items received by the SDSTA for the year ended June 30, 2021.

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Financial Report—Mr. Mike Headley

Financial summaries for November 2021 are attached.

See recommended motion below.

Recommended Action:

Motion to accept the Financial Report as presented.

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DIVISION: ALL

BALANCE SHEET

ASSETS

AS OF
11/30/21

CURRENT ASSETS

First Interstate Checking	\$	5,830,998.16

Total in Local Checking		5,830,998.16
SD Treas: Indemnification		7,500,000.00
SD Treas: Mine Closure		1,520,425.48
SD Treas: Operating		1,304,075.96
SD Treas: Sanford Gift #2		6,569.97
SD Treas: Experiments		869,081.53

Total with SD Treasurer		11,200,152.94
Billed A/R		2,192,785.07
Unbilled A/R		808,109.72
Other A/R		261,200.32
Inventory - Supplies		3,166,193.57
Inventory - Warehouse		258,766.03
Other Current Assets		584,483.85

Total Current Assets		24,302,689.66

FIXED ASSETS

Land, Underground & Other		12,633,473.13
Bldgs & Infrastructure		15,592,844.49
Improvements		62,813,135.62
Computer Equipment		354,677.81
Equipment & Fixtures		10,857,104.77
DOE Property Transfer		4,164,914.91
Accum Depr & Amort		(20,622,103.29)
DOE Prop. Accum Deprec.		(310,868.52)

Total Fixed Assets		85,483,178.92

OTHER ASSETS

Work in Process		-
Pension Deferred Outflows		4,135,812.00
Xenon Purchased		8,934,350.39

Total Other Assets		13,070,162.39

TOTAL ASSETS

=====

\$ 122,856,030.97

=====

DIVISION: ALL

BALANCE SHEET

LIABILITIES & EQUITY

	AS OF
	11/30/21
	<hr/>
CURRENT LIABILITIES	
Accounts Payable	\$ 1,398,909.92
Other Payables	8,255.00
	<hr/>
Total Accounts Payable	1,407,164.92
Accrued Payroll Liab	2,354,885.56
	<hr/>
Total Current Liabilities	3,762,050.48
OTHER LIABILITIES	
LT Xenon Notes Payable	6,000,000.00
Pension Deferred Inflows	3,467,898.62
	<hr/>
Total Other Liabilities	9,467,898.62
EQUITY	
Restricted: Indemnificati	7,500,000.00
Restricted: Mine Closure	1,520,425.48
Restricted: Sanford Gift2	6,569.97
Restricted: Pension	667,913.38
Restricted: Experim. Int.	869,081.53
Restricted: Foundation	25,000.00
	<hr/>
Total Restricted Funds	10,588,990.36
Investment in Gen FA	85,483,178.92
Unrestricted Funds	13,553,912.59
	<hr/>
Total Equity	109,626,081.87
	<hr/>
TOTAL LIABILITIES & EQUITY	\$ 122,856,030.97
	<hr/>

ALL

STATEMENT OF INCOME

FOR THE PERIOD ENDING 11/30/21

	YR-TO-DATE
REVENUE	
DOE Subcontracts	\$ 14,474,198.40
NSF/NASA Subcontracts	-
State Revenue	-
Checking Interest	860.58
Interest Income	46,646.00

TOTAL REVENUE	14,521,704.98
DIRECT COSTS	
Direct Labor	3,629,110.41
Board of Directors	2,849.84
Capital Outlay >\$5K	871,232.86
Contractual Svcs	1,795,717.49
Inventory	107,328.32
Supplies	1,022,791.94
Travel - Domestic	23,941.23
Travel - Foreign	-
Utilities	821,568.01
Other Direct Costs	55,462.11
Unallow/Unbill Costs	163,245.99

TOTAL DIRECT COSTS	8,493,248.20
INDIRECT COSTS	
Fringe Benefits	2,819,823.31
Overhead	3,701,095.86

TOTAL INDIRECT COSTS	6,520,919.17

GROSS PROFIT/LOSS ()FROM OPERATIONS	(492,462.39)

OTHER INCOME	
Water Treatment	151,813.17
Miscellaneous Income	44,749.01
Other Operating Income	161,822.17

TOTAL OTHER INCOME	358,384.35
OTHER EXPENSES	
Misc. Expenses & Donations	(2,439,923.29)
Loss (Gain) on Sale of FA	(3,335.29)
Other Unallowable Expense	134,746.52
Reclass Incr Net Assets	1,255,994.70

TOTAL OTHER EXPENSES	(1,052,517.36)
	=====
NET INCOME/LOSS ()	\$ 918,439.32
	=====

DIVISION: ALL

COMPARATIVE BALANCE SHEET

ASSETS

	AS OF 11/30/21	AS OF 11/30/20	\$ CHANGE	% CHANGE
CURRENT ASSETS				
First Interstate Checking	\$ 5,830,998.16	\$ 3,414,962.21	\$ 2,416,035.95	70.75%
First Interstate Other	-	1,420.64	(1,420.64)	-100.00%
Total in Local Checking	5,830,998.16	3,416,382.85	2,414,615.31	70.68%
SD Treas: Indemnification	7,500,000.00	7,500,000.00	-	0.00%
SD Treas: Mine Closure	1,520,425.48	1,497,441.53	22,983.95	1.53%
SD Treas: Operating	1,304,075.96	1,116,445.61	187,630.35	16.81%
SD Treas: Sanford Gift #2	6,569.97	6,991.97	(422.00)	-6.04%
SD Treas: Spec Sess - Lab	-	3,065,433.00	(3,065,433.00)	-100.00%
SD Treas: Experiments	869,081.53	919,001.75	(49,920.22)	-5.43%
Total with SD Treasurer	11,200,152.94	14,105,313.86	(2,905,160.92)	-20.60%
Billed A/R	2,192,785.07	3,031,161.89	(838,376.82)	-27.66%
Unbilled A/R	808,109.72	823,126.23	(15,016.51)	-1.82%
Other A/R	261,200.32	780,575.00	(519,374.68)	-66.54%
Inventory - Supplies	3,166,193.57	2,703,681.20	462,512.37	17.11%
Inventory - Warehouse	258,766.03	28,256.08	230,509.95	815.79%
Other Current Assets	584,483.85	451,777.22	132,706.63	29.37%
Total Current Assets	24,302,689.66	25,340,274.33	(1,037,584.67)	-4.09%
FIXED ASSETS				
Land, Underground & Other	12,633,473.13	12,633,473.13	-	0.00%
Bldgs & Infrastructure	15,592,844.49	9,707,365.56	5,885,478.93	60.63%
Improvements	62,813,135.62	64,637,443.82	(1,824,308.20)	-2.82%
Computer Equipment	354,677.81	570,932.90	(216,255.09)	-37.88%
Equipment & Fixtures	10,857,104.77	10,980,544.67	(123,439.90)	-1.12%
DOE Property Transfer	4,164,914.91	927,771.27	3,237,143.64	348.92%
Accum Depr & Amort	(20,622,103.29)	(19,030,805.00)	(1,591,298.29)	8.36%
DOE Prop. Accum Deprec.	(310,868.52)	(36,930.31)	(273,938.21)	741.77%
Total Fixed Assets	85,483,178.92	80,389,796.04	5,093,382.88	6.34%
OTHER ASSETS				
Work in Process	-	1,795,774.00	(1,795,774.00)	-100.00%
Pension Deferred Outflows	4,135,812.00	2,995,814.75	1,139,997.25	38.05%
Xenon Purchased	8,934,350.39	8,934,350.39	-	0.00%
Total Other Assets	13,070,162.39	13,725,939.14	(655,776.75)	-4.78%
TOTAL ASSETS	\$ 122,856,030.97	\$ 119,456,009.51	\$ 3,400,021.46	2.85%

DIVISION: ALL

COMPARATIVE BALANCE SHEET

LIABILITIES & EQUITY

	AS OF 11/30/21	AS OF 11/30/21	\$ CHANGE	% CHANGE
CURRENT LIABILITIES				
Accounts Payable	\$ 1,398,909.92	\$ 1,222,804.46	176,105.46	14.40%
Other Payables	8,255.00	6,586.24	1,668.76	25.34%
Total Accounts Payable	1,407,164.92	1,229,390.70	177,774.22	14.46%
Accrued Payroll Liab	2,354,885.56	2,171,132.79	183,752.77	8.46%
Total Current Liabilities	3,762,050.48	3,400,523.49	361,526.99	10.63%
OTHER LIABILITIES				
LT Xenon Notes	6,000,000.00	6,000,000.00	-	0.00%
Pension Deferred Inflows	3,467,898.62	1,266,585.88	2,201,312.74	173.80%
Total Other Liabilities	9,467,898.62	7,266,585.88	2,201,312.74	30.29%
TOTAL LIABILITIES	13,229,949.10	10,667,109.37	2,562,839.73	24.03%
EQUITY				
Restricted: Indemnificati	7,500,000.00	7,500,000.00	-	0.00%
Restricted: Lab	-	3,065,433.00	(3,065,433.00)	-100.00%
Restricted: Mine Closure	1,520,425.48	1,497,441.53	22,983.95	1.53%
Restricted: Sanford Gift2	6,569.97	6,991.97	(422.00)	-6.04%
Restricted: Pension	667,913.38	1,729,228.87	(1,061,315.49)	-61.38%
Restricted: Experim. Int.	869,081.53	539,608.25	329,473.28	61.06%
Restricted: Foundation	25,000.00	219.45	24,780.55	11292.12%
Total Restricted Funds	10,588,990.36	14,338,923.07	(3,749,932.71)	-26.15%
Investment in Gen FA	85,483,178.92	80,389,796.04	5,093,382.88	6.34%
Unrestricted Funds	13,553,912.59	14,060,181.03	(506,268.44)	-3.60%
TOTAL EQUITY	109,626,081.87	108,788,900.14	837,181.73	0.77%
TOTAL LIABILITIES & EQUITY	\$ 122,856,030.97	\$ 119,456,009.51	\$ 3,400,021.46	2.85%

COMPARATIVE STATEMENT OF INCOME

FOR THE PERIOD ENDING 11/30/21

	YEAR TO DATE	PRIOR YEAR TO DATE	\$ CHANGE	% CHANGE
REVENUE				
DOE Subcontracts	\$ 14,474,198.40	\$ 14,566,304.22	\$ (92,105.82)	-0.63%
NSF/NASA Subcontracts	-	1,665.52	(1,665.52)	-100.00%
State Revenue	-	-	-	0.00%
Checking Interest	860.58	547.03	313.55	57.32%
Interest Income	46,646.00	61,589.00	(14,943.00)	-24.26%
TOTAL REVENUE	14,521,704.98	14,630,105.77	(108,400.79)	-0.74%
DIRECT COSTS				
Direct Labor	3,629,110.41	3,358,417.61	270,692.80	8.06%
Board of Directors	2,849.84	1,845.28	1,004.56	54.44%
Capital Outlay >\$5K	871,232.86	1,427,938.67	(556,705.81)	-38.99%
Contractual Svcs	1,795,717.49	1,976,683.66	(180,966.17)	-9.16%
Inventory	107,328.32	66,195.05	41,133.27	62.14%
Supplies	1,022,791.94	470,269.36	552,522.58	117.49%
Travel - Domestic	23,941.23	1,283.40	22,657.83	1765.45%
Travel - Foreign	-	-	-	0.00%
Utilities	821,568.01	913,241.96	(91,673.95)	-10.04%
Other Direct Costs	55,462.11	12,964.21	42,497.90	327.81%
Unallow/Unbill Costs	163,245.99	119,626.18	43,619.81	36.46%
TOTAL DIRECT COSTS	8,493,248.20	8,348,465.38	144,782.82	1.73%
INDIRECT COSTS				
Fringe Benefits	2,819,823.31	2,725,441.13	94,382.18	3.46%
Overhead	3,701,095.86	3,736,900.84	(35,804.98)	-0.96%
TOTAL INDIRECT COSTS	6,520,919.17	6,462,341.97	58,577.20	0.91%
GROSS PROFIT/LOSS ()	(492,462.39)	(180,701.58)	(311,760.81)	517.81%
OTHER INCOME				
Water Treatment	151,813.17	156,205.19	(4,392.02)	-2.81%
Miscellaneous Income	44,749.01	8,436.33	36,312.68	430.43%
Other Operating Income	161,822.17	13,677.16	148,145.01	1083.16%
TOTAL OTHER INCOME	358,384.35	178,318.68	180,065.67	100.98%
OTHER EXPENSES				
Misc. Expenses & Donations	(2,439,923.29)	(918,446.89)	(1,521,476.40)	165.66%
Loss (Gain) on Sale of FA	(3,335.29)	44,778.00	(48,113.29)	-107.45%
Other Unallowable Expense	134,746.52	36,930.31	97,816.21	264.87%
Reclass Incr Net Assets	1,255,994.70	(316,002.24)	1,571,996.94	-497.46%
TOTAL OTHER EXPENSES	(1,052,517.36)	(1,152,740.82)	100,223.46	-8.69%
NET INCOME/LOSS ()	\$ 918,439.32	\$ 1,150,357.92	\$ (231,918.60)	-20.16%

South Dakota Science & Technology Authority
Available Resources
11/30/2021

Cash Total Checking	\$ 5,830,998
Cash With State Treasurer	<u>\$ 11,200,153</u>
Total Cash	\$ 17,031,151
Less: Restricted Funds	
Indemnification/Mine Closure/Special Session Lab	\$ (9,020,425)
Experiments (Xenon, Interest, Infrastructure)	<u>\$ (869,082)</u>
Total Cash Available for Infrastructure Upgrades and Authority Operations	\$ 7,141,644
Plus: Accounts Receivable Billed	\$ 2,192,785
Accounts Receivable Unbilled	\$ 808,110
Less: Current Liabilities (Accounts Payable & Accrued Payroll)	<u>\$ (3,762,050)</u>
(not including accts. pay. For MSF funding)	
Available Cash and Receivables	<u><u>\$ 6,380,488</u></u>

SDSTA Operating Budget Summary FY2022

Actual vs Budget
November 2021 & YTD

	Nov. 2021	Budget	\$ Over/Under Budget	% of Budget	Actual YTD	YTD Budget	\$ Over/Under Budget	% of Budget	% Remaining
									100%
SDSTA (Authority) Direct Charges									
Board of Directors	\$21,196.00	\$21,333.00	\$137.00	99.36%	\$101,764.00	\$106,665.00	\$4,901.00	95.41%	4.59%
Executive Office	\$58,411.00	\$74,825.00	\$16,414.00	78.06%	\$622,488.00	\$500,850.00	-\$121,638.00	124.29%	-24.29%
Science Center E & O	\$550.00	\$550.00	\$0.00	100.0%	\$46,428.00	\$49,250.00	\$2,822.00	94.27%	5.73%
Science Liaison	-\$330.00	\$0.00	\$330.00	100.0%	\$356.00	\$0.00	-\$356.00	100.00%	0.00%
Subtotal	\$79,827.00	\$96,708.00	\$16,881.00	82.54%	\$771,036.00	\$656,765.00	-\$114,271.00	117.40%	-17.40%
Federal/State Funding - Direct Charges									
Fermi C#671265 Prof. St.Services	\$6,446.00	\$8,000.00	\$1,554.00	80.58%	\$22,655.00	\$33,000.00	\$10,345.00	68.65%	31.35%
Fermi C#674969 Ross Logist.Supp.	\$211,114.00	\$275,000.00	\$63,886.00	76.77%	\$1,086,513.00	\$1,625,000.00	\$538,487.00	66.86%	33.14%
Fermi Misc. Contracts	\$347.00	\$5,000.00	\$4,653.00	6.94%	\$827.00	\$25,000.00	\$24,173.00	3.31%	96.69%
Office of Science Coop.Agree	\$1,274,748.00	\$1,347,342.00	\$72,594.00	94.61%	\$6,363,253.00	\$6,242,041.00	-\$121,212.00	101.94%	-1.94%
Office of Science IIP Projects	\$659,129.00	\$659,129.00	\$0.00	100.0%	\$1,530,408.00	\$1,530,408.00	\$0.00	100.00%	0.00%
LBNL SIGMA-V C#7371823	\$34,810.00	\$50,000.00	\$15,190.00	69.62%	\$132,360.00	\$160,000.00	\$27,640.00	82.73%	17.28%
LBNL LZExp.Operat.C#7525117	\$40,689.00	\$45,000.00	\$4,311.00	90.42%	\$203,448.00	\$255,000.00	\$51,552.00	79.78%	20.22%
MJD (Majorana) ORNL144149	\$1,162.00	\$2,000.00	\$838.00	58.1%	\$6,365.00	\$10,000.00	\$3,635.00	63.65%	36.35%
* Kiewit/Thyssen/DakotaT.	\$2,204.00	\$4,000.00	\$1,796.00	55.1%	\$15,283.00	\$20,700.00	\$5,417.00	73.83%	26.17%
RESPEC Thermal Breakout	\$0.00	\$4,000.00	\$4,000.00	0.0%	\$11,522.00	\$22,000.00	\$10,478.00	52.37%	47.63%
Subtotal	\$2,230,649.00	\$2,399,471.00	\$168,822.00	92.96%	\$9,372,634.00	\$9,923,149.00	\$550,515.00	94.45%	5.55%
Indirect Expenses									
Indirect Charges Personnel	\$427,190.00	\$566,863.00	\$139,673.00	75.36%	\$2,214,147.00	\$2,498,071.00	\$283,924.00	88.63%	11.37%
Indirect Charges Other	\$465,796.00	\$523,259.00	\$57,463.00	89.02%	\$2,287,964.00	\$2,674,315.00	\$386,351.00	85.55%	14.45%
Subtotal	\$892,986.00	\$1,090,122.00	\$197,136.00	81.92%	\$4,502,111.00	\$5,172,386.00	\$670,275.00	87.04%	12.96%
Totals	\$3,203,462.00	\$3,586,301.00	\$382,839.00	89.33%	\$14,645,781.00	\$15,752,300.00	\$1,106,519.00	92.98%	7.02%
* Private Corporations (Commercial Group)									

Executive Director's Report—Mr. Mike Headley

The Executive Director's Report includes the following:

- 9A. Declaration of surplus (4)—parts washer, equipment for lawn tractor loader, rock pick and rock drill, attached and informational.
- 9B. SDSTA quarterly update—informational (*quarterly progress report to be distributed on or before the board meeting.*)
- 9C. Education & Outreach update—E&O Director Ms. Nicol Reiner, *presentation.*
- 9D. LBNF update—Fermilab Underground Construction Project Engineer Syd De Vries, *presentation.*

See recommended motion below.

Recommended Action:

Motion to accept the Executive Director's Report as presented.

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DECLARATION OF SURPLUS PROPERTY

The South Dakota Science and Technology Authority (SDSTA) owns a legacy parts washer (Asset No.: TL-TMS07-15), which was donated by Homestake. The parts washer was used in the Mobile Equipment Shop but the pump failed several years ago. It is not cost effective to repair or replace and has no value—it will be scrapped.

Having no further use for this property, I hereby declare the parts washer to be Surplus Property.

Dated at Lead, South Dakota this 30th day of September, 2021.



Mike Headley
SDSTA Executive Director

DECLARATION OF SURPLUS PROPERTY

The South Dakota Science and Technology Authority (SDSTA) purchased equipment for a John Deere lawn tractor in 2014 and a blade for a John Deere loader in 2007, see descriptions below:

- Asset No. BB-XXS99-01 - Snow Blower for Lawn Tractor (JD 318); Model 318
- Asset No. BB-XXS99-04 - Snow Plow Blade for Lawn Tractor (JD 318); Model 318
- Asset No. TL-TMS07-09 - Roto Tiller for Lawn Tractor (JD 318); Model 318
- Asset No. BB-XXB99-02 - Blade for Loader (JD 304J); Model 35-22804, Serial Number 1147

These items are currently being stored at the Wastewater Treatment Plant and are no longer used or needed. The equipment will be surplus using the standard bid process.

Having no further use for this property, I hereby declare the above listed items to be Surplus Property.

Dated at Lead, South Dakota this 5th day of October, 2021.



Mike Headley
SDSTA Executive Director

DECLARATION OF SURPLUS PROPERTY

The South Dakota Science and Technology Authority (SDSTA) owns a Rock Pick attachment (Asset No: BB-XXU99-02, Model No.:HB680, Serial No.: A010W0274xx) for a Bobcat MT52 (mini skid steer loader). It was purchased for use underground when SURF initially opened.

The rock pick is currently being stored near the Yates Hoistroom and is no longer used due to an oil leak and worn internal parts. The legacy Rock Pick is inoperative and not cost-effective to repair—it will be scrapped.

Having no further use for this property, I hereby declare the Model HB680 Rock Pick to be Surplus Property.

Dated at Lead, South Dakota this 12th day of November, 2021.



Mike Headley
SDSTA Executive Director

DECLARATION OF SURPLUS PROPERTY

The South Dakota Science and Technology Authority (SDSTA) owns a TEI rock drill (Asset No: DL-SSB99-01, Model No: TE260HB680, Serial No: MMC83GJ017ACF41011). The rock drill had been in storage for over 5 years prior and when attempting to use it in 2020, the striker bar—the main component of the rock drill—broke.

The rock drill is currently being stored at the Old Mobile Equipment Shop and is no longer used. The rock drill is inoperative and not cost-effective to repair—it will be scrapped.

Having no further use for this property, I hereby declare the TEI rock drill to be Surplus Property.

Dated at Lead, South Dakota this 12th day of November, 2021.



Mike Headley
SDSTA Executive Director

Lobbyist Registration—Mr. Tim Engel

Discussion— Ms. Mandy Knight shall register SDSTA public lobbyists for the 2022 Legislative Session via the South Dakota Secretary of State website.

See recommended motion below.

Recommended Action:

Motion to designate Mr. Mike Headley, Mr. Tim Engel and Mr. Doug Abraham as lobbyists for the SDSTA for the 2022 Legislative Session.

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Executive Session—Chairperson Casey Peterson

Meeting closed to public during executive session.

See recommended motion below.

Recommended Action:

Motion to enter executive session to discuss personnel matters and to consult with legal counsel concerning contractual and legal matters—SDCL 1-25-2(1), (3) and (4); 19-19-502.

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Report from Executive Session—Chairperson Casey Peterson

See recommended motion below.

Recommended Action:

“The board consulted with legal counsel concerning contractual and legal matters. No action was taken.”

OR

...as discussed and stated otherwise

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Commercial General Liability Renewal—Mr. Tim Engel

Recommended Action:
Informational.

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SLHVC Transfer of Ownership—Mr. Mike Headley

Sanford Lab Homestake Visitor Center (SLHVC) transfer of ownership *(supporting documents to be distributed prior to the December 16 board mtg.)*

See recommended motion below.

Recommended Action:

Motion to authorize the purchase of the land and inventory, to accept the transfer of the Visitor Center building, to authorize the Chairperson, the Executive Director, and General Counsel to negotiate the final terms of the Purchase Agreement, and to authorize the Executive Director to sign the Purchase Agreement.

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Confirm date and time of next meeting—Chairperson Casey Peterson

The next board meeting will be held on Thursday, March 24, beginning at 8:00 AM (Mountain Time).

2022 Regular Quarterly Board Schedule	
Thu, March 24	08:00 am (MT)
Thu, June 16	08:00 am (MT)
Thu, September 22	08:00 am (MT)
Thu, December 15	09:00 am (MT)

*South Dakota Science and Technology Authority / Sanford Underground Research Facility
Education & Outreach Building (large conference room and zoom)
630 E. Summit Street
Lead, SD 57754
Questions? Contact Mandy Knight, mknight@sanfordlab.org
Direct Line: 605.722.4022, Cell: 605.641.0475*

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Public Comments—Chairperson Casey Peterson

16A. Ask guests who did not identify themselves at the beginning of the meeting to do so at this time.

16B. Discuss any public comment request forms submitted.

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Board Comments—Chairperson Casey Peterson

1. Dr. Ani Aprahamian
2. Mr. Dana Dykhouse, Vice-Chairperson
3. Dr. Chris Fall
4. Ms. Pat Lebrun, Secretary-Treasurer
5. Mr. Roger Musick
6. Mr. Ron Wheeler
7. Dr. Jim Rankin, Ex-officio member
8. Mr. Casey Peterson, Chairperson

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Adjourn—Chairperson Casey Peterson

See recommended motion below.

Recommended Action:

Motion to adjourn.

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